# FAIR PRACTICES CODE

**OF**

**SHRI RAM FINANCE CORPORATION PRIVATE LIMITED**

*(Amended by Board of Directors on 09.02.2026)*

*Version 1.0 2026*

## 1. BACKGROUND

The Reserve Bank of India (RBI) has prescribed broad guidelines on a fair practices code that are to be adopted by all Non-Banking Finance Companies (NBFCs) involved in the lending business. The consolidated guidelines are presently published in the Reserve Bank of India (Non-Banking Financial Companies – Responsible Business Conduct) Directions, 2025 (RBI/DOR/2025-26/362 dated November 28, 2025), which have repealed and replaced the erstwhile Master Circular on Fair Practices Code for NBFCs.

Shri Ram Finance Corporation Private limited ("SRFC" or "the company") is a Middle-Layer NBFC based in Raipur, Chhattisgarh. Established in 2004 and had obtained its NBFC license in July 2008, SRFC has expanded its financial services portfolio over the years.

The Board of Directors of the SRFC are responsible for framing and adopting a Fair Practices Code ("Code") in line with the guidelines provided by the RBI. Accordingly, Board of Directors has reviewed and approved the Fair Practice Code.

This Code lays down transparent and clear guidelines regarding the transactions of the company with its borrowers, co-applicants and guarantors (collectively referred to as "borrower" or "applicant" in the rest of this document, as the context requires). This Policy is applicable for all lending products offered by SRFC.

## 2. OBJECTIVE AND APPLICABILITY

This Code has been prepared in compliance with the "Guidelines on Fair Practices Code for NBFCs" issued by the RBI (as updated from time to time) and has following objectives:

a. To provide its borrowers an effective overview of the practices followed by the Company and to enable borrowers to take informed decisions in respect of the financial facilities and services offered by the Company.

b. To act fairly and reasonably in all dealings with its customers

c. Setting up a Grievance Redressal Mechanism.

## 3. COMMITMENT

SRFC shall adhere to this code to act fairly and reasonably in all dealings, on the ethical principle of integrity and transparency, to meet the standard practices prevalent in the finance industry.

a. SRFC will provide clear and transparent information to customers in the language of their preference so as to enable them to understand the terms and conditions of the products and services offered including the interest rate and service charges and benefits available to customers.

b. Products and services of the company will meet relevant laws and regulations in both letter and in spirit.

c. SRFC will act quickly in correcting mistakes and attending to complaints lodged by its customers.

d. SRFC shall not discriminate amongst its prospective/existing customers on the basis of age, race, caste, gender, marital status, religion or disability.

e. A copy of the code will be posted on the Company's website and in a visible location at each branch office.

f. A copy of the code may be provided on request to any prospective or existing customer.

## 4. AREAS COVERED BY FAIR PRACTICE CODE

***a. Applications for loans and their processing***

All communications to the borrower shall be in the vernacular language or a language as understood by the borrower. Loan applications forms will clearly state the information/documents that the company requires to collect from the customers to fulfill the KYC norms and will include the following to comply with legal and regulatory requirements:

i. All the terms & conditions of the loan;

ii. Pricing of loan which involves three components i.e. the interest charge, the processing charge and repayment terms;

iii. No penalty is charged on delayed payment;

iv. No pre-payment charges will be collected;

v. No security deposit/margin is collected from the borrower;

vi. An assurance that the privacy of the borrower data will be respected and;

vii. The Company will be accountable for preventing inappropriate staff behavior and timely grievance redressal.

The product catalogue will be made available to the borrower providing details of the product, the rate of interest, repayment terms, processing fees, insurance and all necessary information which affects the interest of the borrower, so that a meaningful decision can be taken by the borrower.

SRFC shall devise a system of giving acknowledgement for receipt of all loan applications. Preferably, the time frame within which loan applications will be disposed of shall also be indicated in the acknowledgement.

***b. Loan appraisal and terms/ conditions; and Key Facts Statement for Loans and Advances***

i. The company shall convey in writing to the borrower in the language as understood by the borrower by means of sanction letter or otherwise, the amount of loan sanctioned along with the terms and conditions including annualized 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 mention the penalties charged for late repayment in bold in the loan agreement.

ii. The company shall furnish a copy of the loan agreement as understood 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. If any additional details/ documents are required, the same shall be intimated to the borrowers.

iii. Key Facts Statement (KFS), as mandated under the Reserve Bank of India (Non-Banking Financial Companies – Responsible Business Conduct) Directions, 2025, shall mandatorily be issued to the borrower in the standardised format prescribed therein, in the vernacular language or a language understood by the borrower, and shall include the APR, penal charges, and reset clauses. The KFS shall remain valid for a minimum of three working days from issuance (one working day where the loan tenor is less than seven days), during which the terms stated therein shall bind the Company if accepted by the borrower. The format of the KFS, as prescribed in the Directions, is incorporated in Annex A.

iv. The Company shall conduct a due diligence to assess the need and repayment capacity of client before providing loans, which will be an important parameter for taking decisions on processing of the application to avoid over-indebtedness of the client. The Company will make loans commensurate with the client's ability to repay. The assessment would be in line with the company's credit policies, norms and procedures in respect thereof.

v. The company shall keep the acceptance of the terms and conditions by the borrower and all other concerned documents on its record.

***c. Penal charges in loan accounts***

i. 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.

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

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

iv. 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.

v. The penal charges in case of loans sanctioned to 'individual borrowers, for purposes other than business', shall not be higher than the penal charges to non-individual borrowers for similar non-compliance of material terms and conditions.

vi. The quantum and reason for penal charges shall be clearly disclosed by SRFC to the customers in the loan agreement and most important terms & conditions/Key Fact Statement (KFS) as, in addition to being displayed on websites of SRFC under Interest rates and Service Charges.

vii. 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.

viii. No fresh or additional penal charges shall be levied on an already outstanding amount of penal charges.

ix. The Company shall follow the instructions/clarifications, if any, issued by the Central Board of Indirect Taxes & Customs (CBIC) regarding applicability of GST on penal charges.

x. In case of existing loans, the switchover to this penal charges regime shall be effected on the next review or renewal date of the facility.

***d. Disbursement of loans including changes in terms and conditions***

i. The company shall give notice to the borrower in 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. SRFC shall also ensure that changes in interest rates and charges are affected only prospectively. A suitable condition in this regard must 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. The 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 they 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.

## 5. RESPONSIBLE LENDING CONDUCT

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

i. The company 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 branch where the loan account was serviced or any other office 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 issued on or after the effective date.

iv. In order to address the contingent event of demise of the sole borrower or joint borrowers, the company shall have a well laid out procedure for return of original movable/immovable property documents to the legal heirs. Such procedure shall be displayed on the website along with other similar policies and procedures for customer information.

***b. Compensation for delay in release of movable/immovable property documents***

i. 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 they will be compensated as per the RBI regulations also, the company shall communicate to the borrower reasons for such delay.

ii. 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 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. Reset of floating interest rate on Equated Monthly Instalments (EMI) based personal loans***

At the time of sanction of EMI based floating rate personal loans, the company is required to take into account the repayment capacity of borrowers to ensure that adequate headroom/margin is available for elongation of tenor and/or increase in EMI, in the scenario of possible increase in the external benchmark rate during the tenor of the loan. Although the company does not have any floating interest rate product for its customers, this situation will rarely arise. However, the company will still pay special attention to the following points in case any future product introduced:

i. At the time of sanction, SRFC shall clearly communicate to the borrowers about the possible impact of change in benchmark interest rate on the loan leading to changes in EMI and/or tenor or both. Subsequently, any increase in the EMI/ tenor or both on account of the above shall be communicated to the borrower immediately through appropriate channels.

ii. At the time of reset of interest rates, SRFC shall provide the option to the borrowers to switch over to a fixed rate as per policy. The policy, inter alia, may also specify the number of times a borrower will be allowed to switch during the tenor of the loan.

iii. The borrowers shall also be given the choice to opt for (a) enhancement in EMI or elongation of tenor or for a combination of both options; and, (b) to prepay, either in part or in full, at any point during the tenor of the loan. Levy of foreclosure charges/ prepayment penalty shall be subject to extant instructions.

iv. All applicable charges for switching of loans from floating to fixed rate and any other service charges/ administrative costs incidental to the exercise of the above options shall be transparently disclosed in the sanction letter and also at the time of revision of such charges/ costs by the Company from time to time.

v. The Company shall ensure that the elongation of tenor in case of floating rate loan does not result in negative amortization.

vi. SRFC shall share/ make accessible to the borrowers, through appropriate channels, a statement at the end of each quarter which shall at the minimum, enumerate the principal and interest recovered till date, EMI amount, number of EMIs left and annualized rate of interest/Annual Percentage Rate (APR) for the entire tenor of the loan. The Company shall ensure that the statements are simple and easily understood by the borrower.

Apart from the equated monthly instalment loans, these instructions would also apply, mutatis mutandis, to all equated instalment-based loans of different periodicities.

## 6. CUSTOMER PROFILING

a. Know Your Customer (KYC): Conduct thorough KYC procedures to understand the customer's financial background, borrowing behaviour, and risk appetite.

b. Risk Assessment: Assess the customer's risk tolerance using standardized risk assessment tools and questionnaires.

c. Financial Goals: Understand the customer's financial goals, investment horizon, and liquidity needs.

## 7. PRODUCT SUITABILITY

a. Product Information: Provide clear and comprehensive information about the products, including benefits, risks, charges, and terms and conditions.

b. Matching Products to Customers: Ensure that the products recommended are suitable for the customer's profile and financial goals.

c. Risk Disclosure: Clearly disclose the risks associated with the products and ensure that the customer understands these risks.

## 8. PRODUCT PACKAGE STANDARDS

a. Transparency: Ensure transparency in the packaging of products by clearly disclosing the individual components of the bundled package and their respective costs.

b. Customer Consent: Obtain explicit consent from the customer before offering products. Ensure that the customer understands the benefits and risks of each component of the product.

c. Suitability Assessment: Conduct a suitability assessment for each component of the packaged product to ensure that it meets the customer's needs and risk profile.

d. No Coercion: Prohibit coercive practices that force customers to purchase combined product. Customers should have the option to purchase products individually.

e. Customer Feedback: Collect and review customer feedback to improve the suitability assessment process.

## 9. SALES PRACTICES

a. Training: Provide regular training to employees and managers on ethical sales practices and product knowledge.

b. No Mis-selling: Prohibit the practice of mis-selling and ensure that products are sold based on customer needs and suitability.

## 10. GENERAL

a. The company shall refrain from interference in the affairs of the borrower except for the purposes provided in the terms and conditions of the loan agreement

b. In case of receipt of request from the borrower for transfer of borrowable account, the consent or otherwise i.e., objection of the Company, 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.

c. In the matter of recovery of loans, the company and any recovery agent engaged by it shall not resort to undue harassment at odd hours, including calling before 8:00 a.m. or after 7:00 p.m., use muscle power for recovery of loans, or any other harsh or coercive practice. The Company shall carry out due diligence, including verification of antecedents, before engaging any recovery agent, who shall carry a copy of the notice, authorisation letter and identity card issued by the Company and disclose these to the borrower at the time of recovery. The Company shall maintain an updated list of its engaged recovery agencies on its website and ensure that any Direct Selling/Marketing Agents engaged by it are registered with DoT/TRAI, as applicable, and abide by the Company's Board-approved Code of Conduct for DSA/DMA/Recovery Agents.

d. The Board of the Company shall review the Redressal of grievances at regular intervals. The management shall place before the board the status of all complaints at regular intervals.

e. The Company will ensure that the staff are adequately trained to deal with the customers in an appropriate manner.

f. details of the Grievance Redressal Officer (including name, address, contact number, email ID, etc) shall be prominently displayed at the branches and also posted on the website.

g. The Company shall ensure compliance to KYC Guidelines of RBI. Proper due diligence shall be carried out to ensure the repayment capacity of the borrowers.

## 11. CONFIDENTIALITY

The Company shall collect personal information that it believes to be relevant and required to understand the customers profiles and conduct its business. The Company shall treat all personal information of customers as private and confidential and shall not divulge any information to a third person unless required by any law or Government authorities including Regulators or Credit agencies or where the sharing of information is permitted by the customer. If company shall avail services of any third party for providing support services, the Company shall require that such third parties handle customers' personal information with the same degree of confidentiality.

## 12. RESPONSIBILITY OF BOARD OF DIRECTORS

a. The Board of Directors shall lay down the appropriate grievance redressal mechanism within the organization. Such a mechanism shall ensure that all disputes arising out of the decisions of lending institution's functionaries are heard and disposed of at least at the next higher level.

b. The Board of Directors shall 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 shall be submitted to the Board at regular intervals, as may be prescribed by it.

c. The Board has approved policies covering, inter alia, this Fair Practices Code, the grievance redressal mechanism, the interest rate and penal charges model, and engagement of recovery agents and the Code of Conduct for DSA/DMA/Recovery Agents, which shall be reviewed periodically.

## 13. THE RESERVE BANK -INTEGRATED OMBUDSMAN SCHEME 2021

Appointment of the Nodal Officer/ Principal Nodal Officer under The Reserve Bank -Integrated Ombudsman Scheme 2021 – dated November 12, 2021:

The Company has appointed a Principal Nodal Officer who shall be responsible for representing the Company and furnishing information on behalf of the Company in respect of complaints filed against the Company.

The Company has appointed other Nodal Officers to assist the Principal Nodal Officer for operational efficiency.

The Company shall display prominently for the benefit of its customers at branches/places where the business is transacted, the name and contact details (Telephone / mobile number and E-mail ID) of the Principal Nodal Officer along with the details of the complaint lodging portal of the Ombudsman (https://cms.rbi.org.in). The salient features of the Scheme will be displayed prominently in English, Hindi and the regional language in all its offices, branches and places where the business is transacted in such a manner that a person visiting the office or branch has adequate information on the Scheme. The Company shall ensure that a copy of the Scheme is available in all its branches to be provided to the customer for reference upon request.

The salient features of the Scheme along with the copy of the Scheme and the contact details of the Principal Nodal Officer shall be displayed and updated on the website of the Company.

## 14. LANGUAGE AND MODE OF COMMUNICATING FAIR PRACTICE CODE

Fair Practices Code (which shall preferably be in the vernacular language or a language as understood by the borrower). The same shall be put up on the website, for the information of various stakeholders.

## 15. REGULATION OF EXCESSIVE INTEREST CHARGED

a. The interest rate model of the company shall be based on the following relevant factors such as cost of funds, margin and risk premium 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 or customer in the application form and communicated explicitly in the sanction letter.

b. The rates of interest and the approach for gradation of risks shall also be made available on the website of the companies. The information published on the website or otherwise published shall be updated whenever there is a change in the rates of interest.

c. The rate of interest must be annualized rate so that the borrower is aware of the exact rates that would be charged to the account.

## 16. GUARANTORS

When a person is considered to be a guarantor to a loan, company shall inform him/her the following under acknowledgement:

a. Letter/ Deed of Guarantee stating the terms of liability as guarantor.

b. Company shall keep him/her informed of any default in the servicing of the loan by the borrower to whom he/she stands as a guarantor.

## 17. INSURANCE

When offering insurance along with the products, it is imperative to ensure that the products align with the customer's profile and financial goals. This includes conducting thorough Know Your Customer (KYC) procedures to understand the customer's financial background, risk tolerance, and financial objectives. Clear and comprehensive information about the products, including benefits, risks, charges, and terms and conditions, must be provided. Additionally, consent from the customer should be obtained, ensuring they understand the benefits associated with the product. The suitability of the product must be assessed to confirm it meets the customer's needs and company's risk assessment, without any compulsion to purchase combined products.

## 18. REPOSSESSION OF VEHICLES FINANCED BY NBFCs

The Company has included the repossession clause in the loan agreement with the borrower that would be legally enforceable. To ensure transparency, the terms and conditions of the contract/loan agreement shall also contain provisions regarding:

i. Notice period before taking possession;

ii. Circumstances under which the notice period can be waived;

iii. The procedure for taking possession of the security;

iv. A provision regarding final chance to be given to the borrower for repayment of loan before the sale/ auction of the property;

v. The procedure for giving repossession to the borrower; and

vi. The procedure for sale/auction of the property.

The above terms and conditions of the contract/loan agreement are also incorporated in the Repossession and Seize Policy of the Company. A copy of such terms and conditions shall be made available to the borrower.

## 19. LOAN FACILITIES TO THE PHYSICALLY/VISUALLY CHALLENGED

The company shall not discriminate in extending products and facilities including loan facilities to physically/visually challenged applicants on grounds of disability. All branches shall render all possible assistance to such persons for availing of the various business facilities. Further, the company shall ensure redressal of grievances of persons with disabilities under the Grievance Redressal Mechanism already set up by them. The Company shall include a suitable module on the rights of persons with disabilities under applicable law in the training programmes conducted for its employees.

The Company shall undertake appropriate measures to ensure compliance with the Hon'ble Supreme Court's order dated April 30, 2025 in Pragya Prasun & Ors. vs. Union of India & Ors. (W.P.(C) 289 of 2024) and Amar Jain vs. Union of India & Ors. (W.P.(C) 49 of 2025), as applicable to the Company.

## 20. GRIEVANCE REDRESSAL MECHANISM

As updated time to time by the company, attached as annexure to this policy.

## 21. REVIEW OF THE CODE

Compliance with respect to all aspects of the Fair Practice Code shall be reviewed by the Board as and when required.

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