SUPREME FINCORP
PRIVATE LIMITED

FAIR PRACTICE CODE

(English)

Version 1.2 w.e.f 20th November, 2023

FAIR PRACTICE CODE

Version 1.2 w.e.f 20th November, 2023

1. Introduction

This Fair Practice Code has been formulated by Supreme Fincorp Private Limited (henceforth referred as "SFPL") pursuant to the Guidelines issued by the Reserve Bank of India on Fair Practices for Non-Banking Financial Company vide its Master Direction – Reserve Bank of India (Non-Banking Financial Company– Scale Based Regulation) Directions, 2023 (Updated till November 10, 2023).

This Fair Practices Code, as mentioned herein below, is in conformity with the prescribed Guidelines on Fair Practices Code for NBFCs as contained in the aforesaid RBI Master Direction. This sets minimum 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.

The Company has adopted this code to provide transparency in business dealings with its Customers.

2. Objectives

- To promote good and fair practices by setting minimum standards in dealing with our customers.
- To increase the transparency so that our customer can have a better understanding of what they can reasonably expect of our services which we are providing to them.
- To develop and maintain a fair relationship between the customer and SFPL.
- To foster confidence in the Non-Banking Finance System.

3. Applicability of the Fair Practice Code

This code shall apply to all the employees of SFPL and other persons authorized to represent it in the course of its business, whether the products and services are provided across the counter, over the phone, by post, through interactive electronic device, on the internet or by any other method.

This code will also be displayed on the notice board in all the branches and also on the website of the Company.

4. Our Promises

SFPL 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 industry

SFPL would provide clear information, without any ambiguity, to the customers in understanding:

1. The products and services together with its terms and conditions including interest and service charges.

2. The benefits available to customer.

SFPL will deal quickly and sympathetically in attending to the customer's complaints in light of the objectives of this code.

SFPL shall treat all personal information of customers as private and confidential and shall not divulge any information to third person unless required by any law or Government authorities including Regulators or Credit agency or where the sharing of information is permitted by the customer.

SFPL shall not discriminate its customers on the basis of race, caste, gender, marital status, religion or disability. However the restrictions, if any, as mentioned in the loan products shall continue to apply.

5. **Mandatory Disclosures**

SFPL would provide information on interest rates, common fees and charges through:

1. Putting up the notices in all the branches
2. Through designated staff/ helpdesk
3. Through telephones or help lines available for the customers
4. Providing service guide/ tariff schedule
5. Publishing on the website of the company at www.supremefincorp.com

6. Fair Practices in Advertising, Sales and Marketing

SFPL shall ensure that all advertising and promotional material is clear and not misleading. The Fair Practice Code shall also apply to sales associates / representatives of the company to the extent of their identification when they approach the customer for selling products personally. In case of any advertisement in any media and promotional literature that draws attention to a service/product and its interest rate, SFPL shall also provide the details of other fees or charges, if any.

7. Credit Reference Agencies

SFPL would give information about customers to credit reference agencies on: -

1. Opening of an account.
2. The customer fallen behind with his/her payments and the performance of loan account which includes how much loan has been sanctioned and the subsequent performance
3. Legal proceedings have been initiated against the customer to recover the dues.
4. Debts settled through legal recourses against the customer

SFPL may give credit reference agencies other information about the customer's account if law requires it or the customer has given them his/her permission to do so.

8. Know Your Customer (KYC) Guidelines

SFPL shall explain the requirements of KYC guidelines to its customers and inform them about the documents required for establishing the identity of the customer before loan sanctioning, account opening and operation.

SFPL shall also put the KYC requirements and filling up the same on the website of SFPL www.supremefincorp.com for the benefits of the customers.

SFPL would obtain only such information to meet with company's KYC, Anti-Money Laundering or any other statutory requirements. In case any additional information is asked for, it will be sought separately and shall specify the objective of obtaining such additional information.

9. Loans

Applications for loans and its processing:

1. All communications to the borrower shall be in the vernacular language or a language as understood by the borrower.
2. Loan Application Forms issued by the Company shall 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. The Loan Application Form shall indicate the documents required to be submitted with the application form.
3. The Company shall give acknowledgement for receipt of all loan applications. The time frame within which loan applications will be disposed would also be indicated in the acknowledgement. The Customer may contact the customer service team to obtain an update on the status of the application.

If SFPL cannot provide the loan to the customer, it shall communicate the same to the customer through its appointed representatives or directly to the customer.

Loan appraisal and terms and conditions:

1. The Company shall convey in writing to the borrower by means of sanction letter or otherwise, the amount of loan sanctioned along with the terms and conditions. The said letter shall include annualised rate of interest and method of application thereof. The Company shall keep the acceptance of these terms and conditions by the borrower on its record.
2. The Company shall mention the penal interest charged for late repayment in bold in the loan agreement.
3. A copy of the loan agreement along with a copy each of all enclosures quoted in the loan agreement would be furnished to all the borrowers at the time of sanction / disbursement of loans.
4. The Company shall have a built in re-possession clause in the contract/loan agreement with the borrower which must be legally enforceable (in case of vehicle financing).
5. The terms and conditions of the contract/loan agreement for Commercial Vehicle shall also contain following provisions:
    - Notice period before taking possession;
    - Circumstances under which the notice period can be waived;
    - Procedure for taking possession of the security;
    - Provision regarding final chance to be given to the borrower for repayment of loan before the sale / auction of the property;
    - Procedure for giving repossession to the borrower; and
    - Procedure for sale / auction of the property.

Penal charges in loan accounts

1. 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 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.
2. The Company shall not introduce any additional component to the rate of interest and ensure compliance to these guidelines in both letter and spirit.
3. The Company 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.
4. 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.
5. The Company shall disclose the quantum and reason for penal charges 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 the Company under Interest rates and Service Charges.
6. 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.
7. Above instructions is effect from January 1, 2024. The Company may 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. In the case of existing loans, the switchover to new penal charges regime shall be ensured on next review or renewal date or six months from the effective date of these instructions, whichever is earlier.

Disbursement of loans including changes in terms and conditions:

1. The Company would give notice to the borrower of any change in the terms and conditions including disbursement schedule, interest rates, service charges, prepayment charges etc.
2. The Company shall also ensure that the changes in interest rates and charges are effected only prospectively. A suitable condition in this regard should be incorporated in the loan agreement.
3. Decision to recall / accelerate payment or performance under the agreement would be in consonance with the loan agreement.
4. All the securities offered by the borrower shall be released 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 that the Company may have against the 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.

Responsible Lending Conduct – Release of movable/immovable property documents on repayment/ settlement of personal loans

1. Release of movable/immovable property documents :

(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 banking outlet/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 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 of the Company along with other similar policies and procedures for customer information.

2. 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, the Company shall communicate to the borrower reasons for such delay. In 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.

    (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 (ii) 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).

    (iii) The compensation provided under these directions shall be without prejudice to the rights of a borrower to get any other compensation as per any applicable law.

3. Above instructions shall be applicable to all cases where release of original movable/immovable property documents falls due on or after December 01, 2023.

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

1. 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. However, in respect of EMI based floating rate personal loans, in the wake of rising interest rates, several consumer grievances related to elongation of loan tenor and/or increase in EMI amount, without proper communication with and/or consent of the borrowers have been received.
2. The Company shall put in place an appropriate policy framework meeting the following requirements for implementation and compliance:

    (i) The Company shall clearly communicate to the borrowers at the time of sanction 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) The Company shall provide the option to the borrowers at the time of reset of interest rates, to switch over to a fixed rate as per their Board approved 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 Company shall give choice to the borrowers 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 amortisation.

(vi) The Company 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.

(vii) The Company shall ensure that the statements are simple and easily understood by the borrower.

3. Apart from the equated monthly instalment loans, these instructions would also apply, mutatis mutandis, to all equated instalment based loans of different periodicities.
4. The Company shall ensure that the instructions are extended to the existing as well as new loans suitably by December 31, 2023. All existing borrowers shall be sent a communication, through appropriate channels, intimating the options available to them.

General

1. 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 (unless information, not earlier disclosed by the borrower, has been noticed).
2. In case of receipt of request from the borrower for transfer of borrowal 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.
3. The Company shall not charge foreclosure charges/ pre-payment penalties on all floating rate term loans sanctioned for purposes other than business to individual borrowers with or without co-obligant (s).

10. Collection of dues

Whenever loans are given, SFPL would explain to the customer the repayment process by way of amount, tenure and periodicity of repayment. However, if the customer does not adhere to repayment schedule, a defined process in accordance with the laws of the land shall be followed for recovery of dues. The process will involve reminding the customer by sending him/her notice or by making personal visits and / or repossession of security, if any.

SFPL staff or any person authorized to represent the company in collection of dues or/and security repossession shall identify himself / herself and display the authority letter issued by the SFPL , and upon request display his/her identity card issued by the SFPL or under authority of the SFPL. SFPL shall provide the customers with all the information regarding the overdue. The staff shall be adequately trained to deal with the customers in an appropriate manner.

During visits to customer's place by the person authorized by SFPL for dues collection or/and security possession/repossession the following guidelines shall be followed:

- Customer would be contacted ordinarily at the place of his / her choice absence of any specified place at the place of his / her residence and if at his / her residence, at the place of business / occupation.
- Identity and authority to represent the Company shall be made known at the first instance.
- Customer's privacy should be respected.
- Interaction with the customer shall be in a civil manner.
- The Company representatives shall contact the customers between the business hours unless the special circumstances of the customer's business or occupation may otherwise so require.
- Time and number of calls and contents of conversation would be documented.
- All assistance should be given to resolve disputes or differences in a mutually acceptable and orderly manner.
- During visits to customer's place for dues collection, decent behaviour and decorum shall be maintained.

Communication with the customer:

Customers should be able to access the Company through any of the following means:

1. Walk in to their nearest branches (as mentioned in Company brochure/website/any other leaflet)

2. Telephone, fax, email id and website (as mentioned in Company brochure/website/any other leaflet)

11. Grievances of Customers

SFPL would strive for customer satisfaction within the framework of law, adopted policies and procedures.

The Company has a proper Grievance Redressal Mechanism in place with respect to Grievance Redressal. The same is displayed on the website of the Company www.supremefincorp.com under the Fair Practice Code as adopted by the company and may be referred to for details pertaining to grievance redressal process and escalation matrix.

Step 1

- Customer may approach Branch- In- charge and make an entry in the Complaint Register maintained at the Branch (During the working hours from 10:00 am to 5:00 pm).
- Customer may also write / communicate with the concerned branch

We will try to resolve the complaint within 15 working days of receipt of the same.

Step 2

If the customer is still not satisfied with the resolution he/she receives or the customer does not receive any response for the complaint within 15 working days, the customer:

- may contact our Grievance Redressal Officer at below mentioned contact details:
- Email ID: **customercare@supremefincorp.com**, or
- Phone: **+91-11-41323147** (between 10 am – 5 pm from Monday to Friday-except public holidays) or

- Write to:

The Grievance Redressal Officer,
Supreme Fincorp Private Limited
2nd Floor, Harsha Bhawan, 13/29, E- Block, Middle Circle, Connaught Place, New Delhi- 110001

We assure you that the complaint will be looked into at the earliest.

Step 3

If the complaint still remains unresolved for 30 days, the customer may:

- directly approach the regulatory authority of Non- Banking Financial Companies,

The Reserve Bank of India, New Delhi ('RBI') for redressal of the complaint at below address:
Officer-In-Charge,
The Reserve Bank of India,
Department of Non- Banking Supervision,
6, Sansad Marg, New Delhi- 110001

Note

1. We do not discriminate in extending our products and facilities including loan facilities to physically / visually challenged applicants on grounds of disability.
2. Our personnel will render all possible assistance to such persons for availing of the various business facilities from our company.

We ensure to set up a proper Grievance Redressal Mechanism for the persons with disabilities.

12. Policy for determining Interest Rate

To ensure that the customers are not charged excessive interest rates and charges on loans and advances by the Company, the Board of the Company has adopted a Policy on Interest Rate Model and Policies & Procedures on Determining Interest Rates. The same has been put up on the Company's website www.supremefincorp.com.

13. Amendment in Fair Practice Code

SFPL reserves the right to amend /alter /modify this Fair Practice Code as mentioned herein above and provide updates from time to time, not affecting/sacrificing the underlining spirit of the code. Such alternation/amendments may be displayed at the notice boards of the branches /Corporate Office/ website of the Company for the benefit and information of the customer.