

# Fair Practice Code

## I. Introduction

Siemens Factoring Private Limited (SFPL) is a Non-Banking Finance Company incorporated on the 18<sup>th</sup> May 2017. SFPL is regulated by the Reserve Bank of India and is part of Siemens AG, a global powerhouse in electronics and electrical engineering, operating in the fields of industry, energy and healthcare as well as providing infrastructure solutions. The Siemens Group has circa 376, 000 employees located in its operations in around 190 countries throughout in the world.

SFPL is registered as an NBFC-Factor by the Reserve Bank of India. The Company is in the business of factoring and forfeiting by purchasing (whether with or without recourse), selling, discounting, rediscounting or assignment of debts, receivables, decrees, actionable and other claims of any nature whatsoever, or by providing credit protection in the event of default or insolvency, bankruptcy or dissolution of customers or other buyers of goods and services or factoring services or by providing otherwise various other factoring services and activities such as but not limited to full factoring, maturity factoring, invoice discounting, both disclosed and undisclosed, collection and recovery of debts, receivables, bills, notes, cheques, pay orders, commercial papers and other money market and negotiable instruments, sales ledger, maintenance and lending moneys or providing advance.

SFPL endeavours to be sensitive to customer needs, and provide services in a timely and efficient manner so as to provide a consistent level of customer service.

The Siemens values of being Responsible (Committed to ethical and responsible actions), Excellent (Achieving high performance and excellent results) and Innovative (Being innovative to create sustainable value) are an integral part of SFPL's culture. These values also form the basis of the Company's processes, policies and behaviour. Treating customers fairly at every stage of the process and building enduring relationships is a vital part of SFPL living out its values.

The Official language for all communications within the company or with third parties shall be English. All communications to the borrower shall be in English or in Vernacular language / the language as understood by the borrower and intimated to the Company. In this regard, a Declaration will be obtained from all our Borrowers with respect to the language understood by them. This declaration will form a part of the loan / factoring agreement (hereinafter referred to as "agreement") itself.

SFPL would include all necessary information in its loan / factoring facility (hereinafter referred to as "finance") documents which affects the interests of the borrower, so that a meaningful judgement of the terms and conditions be made by the borrower.

SFPL has established the following guidelines as a Fair Practices Code for its dealings with customers.

## II. Scope of SFPL's Fair Practice Code

This Fair Practices Code (FPC) is aimed at providing customers with an overview of the practices followed by SFPL for their dealings with us. The scope of this document is limited to the financial services provided to the customer during their business relationship tenure with SFPL. It is based on the guidelines on the Fair Practices Code as set out by the Reserve Bank of India.

## III. Objectives of Fair Practice Code:

- i. To provide full information/knowledge to customers regarding the products and services offered by SFPL so as to enable them to take an informed decision.

- ii. To increase transparency, so that, customers can have a better understanding of what they can reasonably expect of the services.
- iii. To promote a fair and cordial relationship between the customer and SFPL.

**IV. Application for Loans / Factoring facilities (Finance) and their processing:**

- i. Finance application forms will include necessary information which affects the interests of the borrower, so that a meaningful comparison with the terms and conditions offered by other NBFCs can be made and an informed decision can be taken by the borrower. The finance application form shall indicate the list of documents required during submission of the application form.
- ii. SFPL shall acknowledge the receipt of completed application forms. The time frame within which finance applications will be disposed of will also be indicated in the acknowledgement.
- iii. The Company will process the finance applications based on information received in writing, in order to ensure a fast and accurate processing service.
- iv. Information typically required by SFPL to process a finance application will depend on the type of business and / or organization applying for finance and will also include details such as the applicant's name, address, business, years of operation, financial details (the extent dependent on the financing value required) and any applicable business or practice registration number etc.

**v. SFPL will:**

- a. Provide clear information with regards to interest and fees (if any) charged on an individual contract basis.
- b. Process the application within the reasonable timeframe of receipt of the necessary details, provided all required information is available to SFPL at the time of submission by the customer.
- c. Provide written confirmation of its decision to the customer, including the amount of the finance sanctioned, the terms and conditions of the finance, including the annualized rate of interest (and method of application thereof), and any terms of acceptance – including the period for which the acceptance is valid.
- d. Issue Sanction letter/term sheet describing the terms and conditions, to all customers whose financial facility has been sanctioned, after due diligence
- e. Ensure that all agreements and enclosures provided to customers contain the terms & conditions, and the rate of interest, which shall be enclosed with the agreement.
- f. Keep on record for a reasonable time all details relating to the finance application decisions.
- g. Ensure that all conditions and clauses which form a part of the agreement is communicated and explained to the Customer in the language as understood by the Customer.

**V. Loan / Factoring Facility (Finance) Appraisal and Terms & Conditions:**

- i. The Finance applications shall be assessed in accordance with SFPL's credit policy.
- ii. Upon approval of the finance facility, a sanction letter/term sheet indicating the amount of finance sanctioned, annualised rate of interest applicable (including method of application thereof), penal interest or delayed payment charges (in case of delay in payments of installments beyond due

dates) along with the terms and conditions, shall be conveyed to the finance applicant in writing. A written acceptance of such terms and conditions shall be retained by SFPL.

- iii. The basis of the rate of interest charged to customers will be as per the Company's Interest Rate Policy and will be agreed in advance with customers by way of finance contract documentation.
- iv. A copy of the agreement along with a copy each of all enclosures quoted in the agreement shall be provided to all the borrowers / Client at the time of sanction / disbursement of finance.

**VI. Disbursement of Loans / Factoring facilities (Finance), including changes in terms & conditions:**

- i. In the event that a customer's / client's agreement is subject to any changes in its terms and conditions, including variations in its disbursement schedule, interest rates, service charges, prepayment charges etc. A notice in writing will be provided to the customer in advance by SFPL. Changes in interest rates and charges will be applied as of the effective date of such a change and not retrospectively.
- ii. Any decision to recall or accelerate payment due to customer performance under the agreement will be in accordance with the terms permissible under the agreement.
- iii. SFPL will, subject to the contractual terms in accordance to the prevailing law, release all securities associated with a customer / client agreement on repayment of all dues, or on the realization of the outstanding amount of finance subject to any legitimate right or lien for any other claim the Company may have against the customer. 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 SFPL is entitled to retain the securities till the relevant claim is settled.

**VII. General Provisions:**

- i. SFPL shall not interfere in the affairs of the customer except for the purposes set out in the terms and conditions of the agreements (unless new information that was not earlier disclosed by the customer, comes to the notice of the Company).
- ii. In the event that the customer expresses a request to transfer its obligations under the agreement to another party, SFPL will give its decision (consent or otherwise) within 21 days from the date of receipt of the request. Any transfer of a customer's agreement to another party shall be subject to the contractual terms in accordance to the prevailing law.
- iii. In the event that it is necessary to recover overdue payments from customers, SFPL will not unduly harass or persistently bother the customer at inconvenient hours, or use undue pressure for the recovery of overdue payments. SFPL shall ensure that the staff is adequately trained in handling collection activity in a professional manner by adopting a due legal process as per the law of the land.
- iv. SFPL charges interest only as per the terms of the Agreement/Sanction Letter. Any delay in payment of installments as per the repayment schedule will attract penal interest at such rate as has been communicated to the customer in the Sanction Letter and Agreement.
- v. SFPL may arrange for enforcing security charged to it of the delinquent borrower, if required, with an aim only to recover dues and will not be aimed at whimsical deprivation of the property.
- vi. SFPL shall ensure that the entire process of enforcing its security, valuation and realization thereof be fair and transparent.

**VIII. Grievance Redressal Mechanism**

SFPL has an established complaints and grievance procedure (see below). Any grievance or complaint raised by a customer will be treated in accordance with the established processes and policies of the Company.

SFPL shall display the following information prominently, for the benefit of its customers, at the branches / places where business is transacted:

- i. The name and contact details (Telephone / Mobile nos. and email address) of the Nodal Grievance Redressal Officer who can be approached by the public for resolution of complaints against the Company.

If you have a grievance, please feel free to contact the Nodal Grievance Redressal Officer of SFPL:

**Nodal Grievance Redressal Officer:**

Mr. Devendra Malegaonkar

Tel: +91 (022) 6251 7000 / 2191

Email: [devendra.malegaonkar@siemens.com](mailto:devendra.malegaonkar@siemens.com) / [sfplcompliance.in@siemens.com](mailto:sfplcompliance.in@siemens.com)

Siemens Factoring Pvt Ltd

Birla Aurora, Level 21, Plot No. 1080, Dr. Annie Besant Road, Worli, Mumbai - 400030

- ii. If the complaint / dispute is not redressed within a period of 15 days from the date of receipt of Complaint by the Nodal Grievance Redressal Officer, the Customer may appeal to the Officer-in-Charge of the Regional Office of Department of Non-Banking Supervision (DNBS) of Reserve Bank of India, under whose jurisdiction the registered office of the NBFC falls at:

Chief General Manager-in-Charge,  
Reserve Bank of India,  
Department of Non-Banking Supervision,  
Mumbai Regional Office,  
2nd Floor, Central Office, Centre I,  
World Trade Centre,  
Cuffe Parade, Colaba,  
Mumbai - 400 005

Tel: +91 (0)22 22150573

Email: [cgmicdosco@rbi.org.in](mailto:cgmicdosco@rbi.org.in)

**IX. Issuance of No Due Certificate**

SFPL shall issue No Objection Certificate or No Dues Certificate after 30 days of settlement of all dues and conditions subsequent, if any, by the Customers.

**X. Review of Policy on Fair Practices Code**

The Board of SFPL will review its compliance to this Fair Practices Code on a yearly basis through accurate recording, analysis and review complaints and customer feedback records. The Board will also take steps to address any deficiencies where required and appropriate.

## **Interest Rate Model**

The rate of interest is established through Siemens Factoring Private Limited's interest rate model, which takes into consideration aspects such as market borrowing (cost of funds), margin and risk premiums.

Our approach to the gradation of risk is not intended to discriminate between classes of borrowers but instead customize the interest rate to correspond with the finance amount. The decision to offer a finance facility, and the interest rate established are thus carefully assessed, and applied on a deal-by-deal basis and consideration of the associated level of risk.

Besides market conditions, the interest rate offered is also based on the borrower's possibility of default, their past, present and projected cash flows, the borrower's credit record, the security of the finance facility as represented by underlying assets or other financial guarantees.

This information is collated through information provided by the customer, credit reports and market intelligence. Please note that additional charges (e.g. prepayment fees / late payment fees) may be applied during the life cycle of a contract.

Based on the above, our Lending Rates will generally be in between 6% – 23% per annum\* which would differ based on the credit worthiness of the obligor, tenure of financing, economic life of asset being financed etc.

\* in certain cases, interest rate may fall outside the indicated range, subject to necessary approval from the authority holders which is dependent on the vintage & size of the obligor and the market competitiveness.