

**SAMAVESH FINSERVE PRIVATE LIMITED (SFPL)**

**FAIR PRACTICE CODE POLICY**

**Version-1.2**

<b>Version</b>	<b>DateofAdoption/Review</b>	<b>Particulars</b>	<b>Custodian</b>	<b>ApprovingAuthority</b>
1.0	31/07/2019	Fair Practice Code Policy	Compliance	Board of Directors
1.1	26/04/2022	Fair Practice Code Policy	Compliance	Board of Directors
1.2	29/07/2024	Fair Practice Code Policy	Compliance	Board of Directors

## **FAIR PRACTICES CODE OF SAMAVESH FINSERVE PRIVATE LIMITED**

### **PREAMBLE**

The Company endeavors to review policy guidelines on 'Fair Practices Code' (FPC). The Reserve Bank of India (RBI) has issued guidelines on Fair Practices Code for Non-Banking Financial Companies (NBFCs) thereby setting standards for fair business and corporate practices. The Company shall adopt all the best practices prescribed by RBI from time to time and shall make appropriate modifications if any necessary to this Code to conform to the standards so prescribed.

It is, and shall be, the policy of Samavesh Finserve Private Limited (SFPL) to make available to all eligible qualified applicants, without discrimination on the basis of race, caste, colour, religion, sex, marital status, age or handicap all financial products, either directly or through subsidiaries and/or associates.

The Company's policy is to treat all the clients consistently and fairly. The employees of the Company will offer assistance, encouragement and service in a fair, equitable and consistent manner. The Company will also communicate its Fair Practices Code (FPC) to its customers by uploading the FPC on its website.

The Company will ensure that the implementation of the FPC is the responsibility of the entire organization. The Company's fair lending practices shall apply across all aspects of its operations including marketing, loan origination, processing, and servicing and collection activities. Its commitment to FPC will be demonstrated in terms of employee accountability, training, counseling, and monitoring, auditing programs and internal controls, and optimal use of technology.

The Company's Board of Directors and the management team are responsible for implementing the fair practices hereinafter detailed, 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 and that all employees are aware of this commitment.

This Fair Practices Code applies to the following categories of products and services offered by us (currently offered or which will be introduced at a future date).

1. Loans, guarantees and other products in the nature of financial assets.
2. Products offered through a network consisting of the branches of the Company, its subsidiaries and associates.

The FPC is applicable to the above irrespective of whether the same is provided physically, over the phone, or on the internet or by any other method whatsoever, existing or futuristic.

### **KEY COMMITMENTS**

The key commitments which the Company promises to follow in its dealings with its customers are:

- a. To act fairly and reasonably in all dealings with its customers by ensuring that:
  - Its products, services, procedures and practices will meet the commitments and standards in this FPC.
  - Its products and services will meet relevant laws and regulations in letter and spirit as applicable.
  - Its dealings with its customers will rest on ethical principles of honesty, integrity and transparency.
- b. The Company will assist customers in understanding how its financial products and services work by:
  - Providing information about them in simple Hindi and/or English and/or the local language.
  - Explaining their financial implications and
  - Helping the customer choose the one that meets his/her needs.
- c. The Company will make every attempt to ensure that its customers have a trouble-free experience in dealing with it; but in the case of errors or commissions and omissions, the Company will deal with the same quickly and sympathetically.
  - Mistakes will be corrected quickly.
  - Complaints will be handled quickly.
  - In case a customer is not satisfied with the way a complaint is handled, the Company will guide the customer on how to take the complaint forward.
  - The Company will reverse any charges including interest applied to a customer's account due to a clerical error or oversight on its part.

## **APPLICATION FOR LOANS AND THEIR PROCESSING**

- a. Loan application forms of the Company will include necessary information which are likely to affect the interests of the prospective borrower, so that a meaningful comparison with the terms and conditions offered by other Non-Banking Financial Companies can be made and an informed decision taken by the prospective borrower.
- b. The loan application form \_\_\_\_\_ shall indicate the documents required to be submitted along with the application form.
- c. The Company shall provide to the prospective borrower an acknowledgement for receipt of all loan applications. An indicative time frame within which loan applications will be disposed of will be mentioned in such acknowledgement.
- d. All communications to the borrowers shall be in the vernacular language or language as understood by the borrower.

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## **LOAN APPRAISAL & TERMS/CONDITIONS**

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company

shall convey in writing to the borrower in the vernacular language as understood by the borrower by means of a sanction letter or Pass Book or otherwise, the amount of loans 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. As complaints received against NBFCs generally pertain to charging of high interest/penal interest, the company shall mention the penal interest charged for late repayment of scheduled installments in bold in the loan agreement.

Appropriate internal principles and procedures for determining interest and other charges shall be laid down and be subjected to review keeping in view the business exigencies, regulatory and customers sentiments, market practices etc. The acceptance of the terms and conditions communicated by the borrowers shall be preserved by the Company in its records.

The company shall furnish a copy of the loan agreement or Pass Book preferably in the vernacular language 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.

#### **DISBURSEMENT OF LOANS INCLUDING CHANGES IN TERMS & CONDITIONS**

- a. The Company shall give notice to the borrower in the vernacular language as understood by the borrower of any change in the terms and conditions including disbursement schedule, interest rates, service charges, prepayment charges etc. The Company shall ensure that changes in interest rates and other charges are effected only prospectively. The loan agreement shall contain a specific clause to this effect.
- b. The decision of the Company to recall/accelerate payment or performance shall be in consonance with the terms of the loan agreement.
- c. The Company shall release all securities upon repayment of all dues or on realization of the outstanding amount of loans subject to any legitimate right of lien or hypothecation for any other claim it will have against borrower. In cases such right of set off is to be exercised, the borrower shall be given due notice with full particulars about the outstanding claims and the conditions under which the Company is entitled to retain these securities till the relevant claim is settled/paid.
- d. Any changes to the terms and conditions, including disbursement schedule, interest rates, service charges, prepayment charges, etc., shall be informed individually to the borrowers in case of account specific changes, and in case of others, the same shall be available at the Registered Office / Corporate Office of the Company.

#### **RATE OF INTEREST**

- a. The Company shall frame appropriate internal principles and procedures for determining the interest rates and processing and other charges as per guidelines of RBI/SRO issued from time to time.
- b. The pricing of interest rate calculations is made and reviewed from time to time and seek approval of Board of Directors.
- c. The Company also ensure that they are competitive and match with the rates applicable in MFI Industry. The Company shall, at the time of disbursal, ensure that the interest rate and other charges, if any, on loan and advances are in strict adherence to above referred internal principles and procedures.
- d. The information published in the website shall be updated whenever there is change in the rates.
- e. The rate of interest and the approach for gradation of risk and rationale for charging different rates of interest to different schemes shall be disclosed in the application form and also communicated explicitly in the sanction letter issued to the borrower.
- f. The rates of interest and the approach for gradation of risk shall also be made available on the website.
- g. There shall be no pre-payment penalty on microfinance loans. Penalty, if any, for delayed payment shall be applied on the overdue amount and not on the entire loan amount.
- h. The Company shall prominently display the minimum, maximum and average interest rates charged on microfinance loans in all its offices, in the literature (information booklets/ pamphlets) issued by it and details on its website. This information shall also be included in the supervisory returns and subjected to supervisory scrutiny.
- i. Any change in interest rate or any other charge shall be informed to the borrower well in advance and these changes shall be effective only prospectively.

## **RESPONSIBILITY OF BOARD OF DIRECTORS**

The Company shall also lay down the appropriate grievance redressal mechanism within the organization to resolve disputes arising in this regard. Such a mechanism shall ensure that all disputes arising out of the decision of the Company's functionaries are heard and disposed of at least at the next higher level. 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. To start with, the Company may provide the same on a quarterly basis.

## **GRIEVANCE REDRESSAL MECHANISM**

Towards ensuring redressal of disputes arising out of decisions of the functionaries of the Company, the following mechanism is put in place:

- a. The Company will guide customers who wish to lodge a complaint and also provide guidance on what to do in case the customer is unhappy with the outcome.
- b. After examining the matter, the Company will send a response as soon as possible; the Company will also guide a customer on how to take the complaint further if the customer is not satisfied.
- c. A nodal officer shall be appointed for the redressal of grievances of the customers including the borrowers, in connection with any matter pertaining to business practices, lending decisions, credit management and recovery. The name and contact details of the nodal officer shall be displayed in the website of the Company.
- d. Internally constituted Customer Grievance Redressal Council comprising senior management officials, to review with the Nodal Officer and oversee the Grievance Redressal Mechanism.
- e. As per RBI guidelines the Company shall display the following information prominently, for the benefit of the customers, at their branches/places where business is transacted:
  - the name and contact details (Telephone/Mobile no. as also email address) of the Grievance Redressal Officer who can be approached by the public for resolution of complaints against the Company.
  - If the complaint/dispute is not redressed within a period of one month, the customer may appeal to the Officer-in-Charge of the Regional Office of DNBS of RBI (complete contact details), under whose jurisdiction the registered office of the Company falls i.e. Mumbai Regional Office.
  - In case of any complaints / grievances, the customer may contact the **Grievance Redressal Officer:**

**Address: 602, Tower A, 6<sup>th</sup> Floor, Vinayak Plaza Maldahiya, Varanasi, U.P. 221002 India**

**Toll Free Number: 1800-419-2272**

**Mobile Number: 9219974200**

**Email ID: grievance@samaveshmfi.com**

In short, the public notice shall serve the purpose of highlighting to the customers, the grievance redressal mechanism followed by the company, together with details of the grievance redressal officer and of the Regional Office of the RBI.

- a. The company shall refrain from interfering in the affairs of the borrower except for the purposes provided in the terms and conditions of the loan agreement, unless new information, not earlier disclosed deliberately or otherwise by the borrower, has come to its notice.
- b. In case of receipt of request from the borrower for transfer of a borrower account to other NBFC, bank or financial institution, the consent or otherwise shall be conveyed within 21 days from the date of receipt of such request. Such transfers shall be in accordance with the contractual terms entered into with the borrower and in consonance with the statutes, rules, regulations and guidelines as will be applicable from time to time.
- c. In the matter of recovery of loans, the Company shall resort only to remedies which are legally and legitimately available to it and will avoid using recovery measures during odd hours of the day, undue harassment, use of muscle power for recovery of loans. As complaints from customers also include rude behavior from the staff of the companies. RCL shall ensure that the staff are adequately trained to deal with the customers in an appropriate manner.
- d. As a measure of customer protection and also in order to bring in uniformity with regard to prepayment of various loans by borrowers of banks and NBFCs, Company shall not charge foreclosure charges/ pre-payment penalties on all floating rate term loans sanctioned to individual borrowers.
- e. There shall be no discrimination in extending products and facilities including loan facilities to the physically/visually challenged applicants on grounds of disability.

## **TERMS AND CONDITIONS**

- a. When a customer accepts a product or service for the first time, the Company will provide the customer with the Rules and Regulations that are relevant to the product/service.
- b. All Terms and Conditions will be fair and will set the customers' rights and responsibilities clearly and in plain language, the Company will use legal or technical language only where necessary.
- c. The Company will make available any charges applicable to products and services applicable.
- d. If the Company increases any charges or introduces a new charge, the Company will notify the same to the customers.
- e. The Company will provide the terms and conditions in respect of any product or service whenever a customer requests for the same.

## **CONFIDENTIALITY**

- a. Unless authorized by the customer the Company will treat all personal information as private and confidential.
- b. The Company will not reveal transaction details to any other entity including within the group other than the following exceptional cases.
  - If the Company has to provide the information by statutory or regulatory laws,
  - If there is a duty to the public to reveal this information.
  - If its interest requires it to provide this information (e.g. fraud prevention).  
The Company will not use this reason for giving information about customers to anyone else (including group companies) for marketing purposes.
  - If customer has given consent/concurrence to provide/shares such information to its group/associate/entities or companies for providing other products or services.
  - Where the customer asks it to reveal such information to its group/associate/entities or companies for providing other services or products.

### **A PERIODICAL REVIEW OF THE FAIR PRACTICES CODE**

A periodical review of the Fair Practices Code and functioning of the grievance's redressal mechanism at various levels of management would be undertaken by the Company at regular intervals and a consolidated report of such reviews shall be submitted to the Board of Directors in the next Board Meeting.

**Fair Practice Code Policy of the Company is available in English and Hindi language and same is displayed on the web-site of company under section "Corporate Governance".**

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