Fair Practices Code

SVAMAAN
Financial Services Pvt. Ltd.

Svamaan Financial Services Private Limited ("Svamaan" or the "Company") is registered as Non-deposit taking NBFC-MFI with the Reserve Bank of India. This Fair Practices Code (FPC) is drafted based on circulars issued by RBI vide no. RBI/2012-13/416 DNBS. CC. PD No. 320/03.10.01/2012-13 dated February 18, 2013 and RBI Master directions (Regulatory Framework for Microfinance Loans) RBI/DOR/2021-22/89 DoR.FIN.REC.95/03.10.038/2021-22 dated March 14, 2022 (as updated from time to time). This code aims to promote good and fair practices by setting minimum standards in dealing with the clients and increasing transparency to enable clients to have a better understanding of the services provided by the Company.

The Company commits itself to implementing and adopting these fair practices in all its activities and transactions with its members while functioning as an NBFC-MFI. The FPC shall be binding on all employees and officers of the Company.

A. Fair Practices Code for all Lending Activities

A.1 Loan Proposal and processing:

1. Svamaan will make all communications to its borrowers in vernacular language or in a language as understood by the borrower
2. Loan application form will include all necessary information regarding loan terms and conditions to help the borrower in comparing it with other NBFCs and making an informed decision
3. Loan application form will indicate documents required to be submitted along with the application form
4. The Company will ensure that the loan application procedure is simple for the customer
5. The loan card issued to the borrower shall contain all relevant details specified by RBI, from time to time
6. The Company shall provide a fact sheet containing all necessary details of the loan product along with pricing related information and the fee charged to the borrower

A.2 Loan Appraisal and Disbursement:

1. The Company will comply with the KYC guidelines as issued by RBI and due diligence will be carried out for all the loan applications as per company's credit policy to ensure adequate repayment capacity of the borrower
2. Specific Terms & Condition for Microfinance Loans:

   a. For Microfinance loans* given by the Company, the loan repayment obligation of microfinance borrower shall be subject to a maximum 50 per cent of the monthly household income

   * for this purpose, Microfinance loans is defined as collateral free loan given to household having annual income as prescribed by RBI from time to time and household shall mean an individual family unit eg., husband, wife, and their unmarried children

   b. The computation of loan repayment obligations shall consider all outstanding installments payable from active loans (collateral-free microfinance loans as well as any other type of collateralized loans) of the household. The outflows capped at 50 per cent of the monthly household income shall include repayments (including both principal as well as interest component) towards all existing loans as well as the current loan under consideration

   c. Existing loans, for which outflows on account of repayment of monthly loan obligations of a household as a percentage of the monthly household income exceed the limit of 50 per cent, shall be allowed to mature. However, in such cases, no new loans shall be provided to these households till the prescribed limit of 50 per cent is complied with
3. The Company shall obtain credit bureau report for all loan applications to get details of the existing loan repayment obligations of the household/borrower/co-borrower. The Company shall make informed decision on sanction of loans to borrowers based on credit bureau Report
4. The Company will provide sanction letter/ loan card to the borrower in vernacular language conveying the amount of loan sanctioned and all the terms and conditions including the annualized effective interest rate. Svamaan will also keep an accepted copy of the same for its record

Loan Agreement / Disclosure in Loan Agreement / Loan Card:

1. There will be a standard format of loan agreement for all borrowers and products offered
2. The loan agreement will be in vernacular language as understood by the borrower along with the copy of all enclosures, if any and the same will be provided to all the borrowers/customers
3. The following will be disclosed in the loan agreement & loan repayment schedule:

   i. All the terms & conditions of loan

   ii. The pricing of the loan i.e. the annual interest rate, processing fee, insurance premium and any other charges

   iii. Penal interest/ Overdue Fees are not charged by company on microfinance loans

   iv. No security deposit / margin is being collected from the borrower for microfinance loans

   v. No pre-payment penalty is charged on microfinance loans

   vi. Moratorium between the grant of the loan and the due date of the repayment of the first installment will be in accordance with the provisions of Non- Banking Financial Company - Micro Finance Institutions (Reserve Bank) Directions, 2011 and as may be amended from time to time
4. Non-credit product chosen by customer is entirely on a voluntary basis and the grant of loans is not linked to any other products/ services offered by the Company

A.3 Disbursement of Loans including changes in Terms and Conditions:

1. The Company will give notice to the member/borrower in vernacular language or a language as understood by them of any change in the terms and conditions including disbursement schedule, interest rates, service charges, penal charges etc
2. The Company will ensure that changes in the interest rates and any other charges are affected only prospectively and a suitable condition in this regard is incorporated in the loan agreement
3. Decision to recall/accelerate payment or performance under the agreement will be in consonance with the loan agreement
4. The Company will keep all the documents in safe custody at respective premises under the custody of authorized persons
5. The Company will release all securities, if any, taken on repayment of all dues or on realization of the outstanding amount of loan, subject to any legitimate right for any other claim the Company may have against the member

Guidelines for Loan Recovery:

1. The Company shall place a mechanism for identification of borrowers facing repayment related difficulties, engagement with such borrowers and providing them necessary guidance about the recourse available
2. Recovery will be made at a mutually agreed centrally designated place by the members
3. However, field staff are allowed to make recovery at the place of residence or work of the borrower only if, borrower fails to appear at central designated place on 2 or more successive occasions
4. Company or its staff will not resort to undue harassment viz. persistently bothering the borrowers at odd hours, use of muscle power for recovery of loans etc
5. Repayment procedure will be explained in detail to the customer in language as understood by them. The company or its staff shall not engage in any harsh methods towards recovery. Without limiting the general application of the foregoing, following practices shall not be entertained:

   i. Use of threatening or abusive language

   ii. Persistently calling the borrower and/ or calling the borrower before 9:00 a.m. and after 6:00 p.m. for recovery of overdue payments

   iii. Harassing relatives, friends, or co-workers of the borrower

   iv. Publishing the name of borrowers

   v. Use or threat of use of violence or other similar means to harm the borrower or borrower's family/ assets/ reputation

   vi. Misleading the borrower about the extent of the debt or the consequences of non-repayment

B. General Conditions

1. The Company will refrain from interference 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 by the borrower, has come to the notice of the Company)
2. In the matter of recovery of loans, the Company will 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, and use of muscle power for recovery of loans. The Company will not resort to undue harassment of the customers. The company shall ensure that the staff are adequately trained to deal with the customer in an appropriate manner
3. There will be no discrimination in extending products and facilities including loan facilities to the physically / visually challenged applicants on grounds of disability (Ref: RBI Circular No. DNBS.CC.PD.No. 191/03.10.01/2010-11 dated July 27, 2010, as amended from time to time)
4. The Company will be accountable for inappropriate staff behavior and for resolving the grievances in a timely manner and the same will be included in the loan agreement
5. Field staffs will be trained to make necessary enquiries with regard to income sources and existing debt of the borrowers
6. Training, if any, offered to the borrowers will be free of cost. Field staffs will be trained to offer such training and also make the borrowers fully aware of the procedure and systems related to loans / other products
7. Courteous language will be used and decorum will be maintained during interaction with customers
8. The Company will ensure that the employees of the Company are respectful of cultural thoughts and sensitivities during interaction with customers
9. The Company will not indulge in any behavior that could lead to any sort of conflict, threat or violence
10. The Company will not take any bribe or collect any unauthorized money from the customers
11. **Grievance Redressal Mechanism**
    The Company has also laid down a Grievance Redressal Mechanism within the organization to resolve complaints/ disputes, if any, arising in this regard. All complaints/ disputes arising out of the decisions of the Company's functionaries will be heard and disposed-off in an appropriate Manner
12. **Grievance Redressal Officer**
    At the operational level, the company will display the following information prominently, for the benefit of their customers, at their branches / places where business is transacted:

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

Details of the Grievance Redressal Officer:

Name: Mr. Priyabrata Banerjee
Address: 93, 9 th Floor, Maker Chambers VI, Nariman Point, Mumbai, 400021
E-mail id: customercare@svamaan.in
Svamaan Toll Free Number: 1800 123 222000
Landline: 022 49429090

b. If the complaint / dispute is not redressed within a period of 30 days or if the customer is not satisfied with the resolution provided by the Company, the customer may file a complaint with RBI Ombudsman - Not later than one year after the reply from the Company or 1 year and 30 days if no reply is received from the Company to below mentioned address:

- Complaint Lodging Portal of the Ombudsman: https://cms.rbi.org.in
- Contact details of Centralized Receipt and Processing Centre (CRPC) Email Id: crpc@rbi.org.in
  Call: 14448
  Address: Centralized Receipt and Processing Centre, Reserve Bank of India, 4th Floor, Sector 17, Chandigarh - 160017

C. Governance and Transparency

1. The rate of interest for loan products will be disclosed to the borrower or customer in the application form and communicated explicitly in the sanction letter as per Board approved pricing policy of the Company
2. The company shall prominently display the minimum, maximum and average interest rates charged on microfinance loans in all its offices and details will be updated on its website
3. A translated copy of this FPC in the relevant vernacular language will be made available to the prospective borrower/ customer on demand and the same will be displayed in the offices/ branches and on the website
4. The Company will act in a transparent manner and adopt fair lending practices. Such statement articulating our commitment to transparency and fair lending practices will also be included in our loan card
5. New clients will be informed about the organization's policies and procedures to help them understand their rights as borrowers
6. The Company will endeavor to create awareness and enable customers to understand the information provided with respect to financial services offered and availed in vernacular language or a language as understood by them