

## **SARVAGRAM FINCARE FAIR PRACTICES CODE**

### **1. Introduction**

This Fair Practices Code (“**Code**”) details the Fair Practices applicable to all existing and prospective customers of SarvaGram Fincare Private Limited (“**Company**”) and will be followed by all employees and representatives working for the Company. This Code will enable employees to provide better customer service and maintain transparency in business dealings with its customers.

This Code has been made as per RBI/DNBR/2016-17/44 Master Direction DNBR.PD.007/03.10.119/2016-17 dated September 1, 2016, and updated as on February 17, 2020, as applicable to Non-Banking Finance Company – Non-Systemically Important Non-Deposit taking Company issued by The Reserve Bank of India (RBI).

### **2. Purpose**

The purpose of this Code is to:

- 2.1. Promote fair practices by setting minimum standards in dealing with customers.
- 2.2. Increase transparency, so that customers can have a better understanding of service levels.
- 2.3. Foster customer confidence in the Company.

### **3. Key Commitments**

The Company’s key commitments to customers:

- 3.1. Act fairly and reasonably in all their dealings with customers by:
  - Meeting the commitments and standards specified in the Code, for the products and services which the Company offers and, in the procedures, and practices its staff follows.
  - Making sure that the Company's products and services meet relevant laws and regulations.
  - Company's dealings with customers will rest on ethical principles of integrity and transparency
- 3.2. Help customers understand how company's product work by:
  - Explaining their financial implications
- 3.3. Deal quickly and sympathetically with things that go wrong by:
  - Correcting mistakes.
  - Handling customer's complaints.
  - Telling customers' how to take their complaint forward if they are still not satisfied
- 3.4. Publicize the Code, put it on the Company's website and have copies available for customers on request.

### **4. Information**

- 4.1. Helping customers choose products and services, which meet their needs and give them clear information explaining the key features of the services and products they are interested in.
- 4.2. Inform customers about the documents and information the Company needs from them to establish customer’s identity and address and other documents to comply with the legal and regulatory requirements.

### **5. Applications for loans and their processing**

- 5.1. All communications to the borrower shall be in the vernacular language or a language as understood by the borrower.

- 5.2. Loan application forms would 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 decisions can be taken by the borrower. The loan application form would indicate the documents required to be submitted with the application form.
- 5.3. The Company would devise a system of giving acknowledgement for receipt of all loan applications. The time frame within which loan applications will be disposed of would also be indicated in the acknowledgement.

## **6. Loan appraisal and terms/conditions**

- 6.1. The Company would convey in writing to the borrower in the vernacular language or 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 our record.
- 6.2. The Company shall mention the penal interest charged for late repayment in bold in the loan agreement.
- 6.3. The Company would furnish a copy of the loan agreement as understood by the borrower along with a copy of each of all enclosures quoted in the loan agreement to all the borrowers at the time of sanction / disbursement of loans.

## **7. Disbursement of loans including changes in terms and conditions**

- 7.1. The Company would give notice to the borrower in the vernacular language, or 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.
- 7.2. The Company would also ensure that changes in interest rates and charges are affected only prospectively. A suitable condition in this regard would be incorporated in the loan agreement.
- 7.3. Decision to recall / accelerate payment or performance under the agreement would be in consonance with the loan agreement.
- 7.4. The Company would 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 we 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 we are entitled to retain the securities till the relevant claim is settled/paid.

## **8. General**

- 8.1. The Company would 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).
- 8.2. In case of receipt of request from the borrower for transfer of borrowed account, the consent or otherwise i.e. our objection, if any, would 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.
- 8.3. In the matter of recovery of loans, we would not resort to undue harassment viz; persistently bothering the borrowers at odd hours, use muscle power for recovery of loans etc. We would also ensure that our staff are adequately trained to deal with the customers in an appropriate manner.
- 8.4. We shall not charge foreclosure charges/ prepayment penalties on all floating rate term loans sanctioned to individual borrowers.
- 8.5. Fair Practices Code would also be put up on our website for the information of various stakeholders.

## **9. Grievance Redressal**

- 9.1. A periodical review of the compliance of the Fair Practices Code and the functioning of the grievance's redressal mechanism at various levels of management. A consolidated report of such reviews will be submitted to the Board at regular intervals.
- 9.2. The following information shall be displayed prominently, for the benefit of the customers, at all

branches/ places of the Company, where business is transacted:

- 9.2.1. the name and contact details (Telephone / Mobile nos. as also email address) of the Grievance Redressal Officer who can be approached for resolution of complaints against the Company.
- 9.2.2. 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 under whose jurisdiction the registered office of the Company falls.

The public notice will 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.

## **10. Ombudsman Scheme for Non-Banking Financial Companies, 2018 - Appointment of the Nodal Officer/ Principal Nodal Officer**

- 10.1. Under the Ombudsman Scheme, the Company has appointed Nodal Officers (NOs) who shall be responsible for representing the Company and furnishing information to the Ombudsman in respect of complaints filed against the Company.
- 10.2. The Principal Nodal Officer (PNO) shall be responsible, inter alia, for representing the covered Company before the Ombudsman and the Appellate Authority under the Scheme. The Principal Nodal Officer shall be responsible for coordinating and liaising with the Customer Education and Protection Department (CEPD), RBI, Central Office.
- 10.3. For the benefit of the customers, at the branches/ places where business is transacted, the name and contact details (Telephone/ Mobile numbers as also email addresses) of the PNOs/NOs/GROs and the name and contact details of the Ombudsman, who can be approached by the customer.
- 10.4. The salient features of the Scheme (in English, Hindi and Vernacular language) at all their offices and branches shall be prominently displayed in such a manner that a person visiting the office or branch has easy access to the information.
- 10.5. The details of the Ombudsman Scheme, Nodal Officer and Principal Officer shall be prominently displayed on the website.

## **11. Posting on Website**

- 11.1. This Code, in vernacular languages shall be put up on the website of the Company for the information of various stakeholders.

## **12. Rate of interest**

- 12.1. The Company shall adopt an interest rate model considering 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 rates 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.
- 12.2. The rates of interest and the approach for gradation of risks shall also be made available on the website of the company and updated from time to time.
- 12.3. The rate of interest would be an annualized rate so that the borrower is aware of the exact rates that would be charged to the account.
- 12.4. The Company shall lay out appropriate internal principles and procedures in determining interest rates and processing and other charges.

### **13. Repossession of vehicles financed by the Company**

- 13.1. The Company will have a built-in re-possession clause in the contract/loan agreement with the borrower which will be legally enforceable. To ensure transparency, the terms and conditions of the contract/loan agreement would also contain provisions regarding:
  - 13.1.1. notice period before taking possession
  - 13.1.2. circumstances under which the notice period can be waived
  - 13.1.3. the procedure for taking possession of the security
  - 13.1.4. a provision regarding final chance to be given to the borrower for repayment of loan before the sale / auction of the vehicle/ property
  - 13.1.5. the procedure for giving repossession to the borrower
  - 13.1.6. the procedure for sale / auction of the property
- 13.2. A copy of such terms and conditions will be made available to the borrower.

### **14. Lending against collateral of gold jewellery**

In addition to the above, while lending to individuals against gold jewelry, the Company shall follow the policy duly approved by the Board of Directors, containing *inter-alia* the following:

- 14.1. Adequate steps to ensure that the KYC guidelines stipulated by RBI are complied with and to ensure that adequate due diligence is carried out on the customer before extending any loan.
- 14.2. Proper assaying procedure for the jewellery received.
- 14.3. Internal systems to satisfy ownership of the gold jewellery.
- 14.4. Adequate systems for storing the jewellery in safe custody, reviewing the systems on an on-going basis, training the concerned staff and periodic inspection by internal auditors to ensure that the procedures are strictly adhered to.
- 14.5. Such loans would not be extended by branches that do not have appropriate facilities for storage of the jewellery.
- 14.6. The jewellery accepted as collateral would be appropriately insured.  
Transparent auction procedure in case of non-repayment with adequate prior notice to the borrower.
- 14.7. There should be no conflict of interest and the auction process must ensure that there is an arm's length relationship in all transactions during the auction including with group companies and related entities.
- 14.8. The auction would be announced to the public by issue of advertisements in at least two newspapers, one in vernacular language and another in national daily newspaper.
- 14.9. As a policy, the Company will not participate in the auctions held.
- 14.10. Gold pledged will be auctioned only through auctioneers approved by the Board.
- 14.11. The policy shall also cover systems and procedures to be put in place for dealing with fraud including separation of duties of mobilization, execution and approval.
- 14.12. The loan agreement shall also disclose details regarding auction procedure.

### **15. Review**

A review of compliance of this Code and the functioning of the grievance redressal mechanism would be done by the management regularly and a consolidated report of such reviews will be submitted to the Board of Directors on a regular basis. An updated copy of this Code shall be put up on the Company's website.