

<b>SAMUNNATI FINANCIAL INTERMEDIATION &amp; SERVICES PRIVATE LIMITED</b>	
<b>POLICY</b>	Fair Practice Code
<b>Reviewing Authority</b>	Audit Committee
<b>Approving Authority</b>	Board of Directors
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<b>Review Cycle</b>	Annually or as recommended by the Board of Directors



This Fair Practice Code is based on the RBI Master Circular - Fair Practices code RBI (Master circular DNBR (PD) CC.No.054/03.10.119/2015-16 dated 1st July 2015) read with Reserve Bank of India (Regulatory Framework for Micro Finance Loans) Directions, 2022 (RBI/DOR/2021-22/89 DoR.FIN.REC.95/03.10.038/2021-22) and RBI/DoR/2023-24/106 DoR.FIN.REC.No.45/03.10.119/2023-24 - Master Direction - Reserve Bank of India (Non-Banking Financial Company - Scale Based Regulation) Directions, 2023 dated 19 Oct 2023 duly updated from time to time

Since RBI would issue circular instructions on an on-going basis, any subsequent amendment to the above circular be updated in the Fair Practice Code accordingly.

## **I. Objective of the Code**

The Code has the following objectives:

1. Promote fair practices by setting minimum standards in dealing with customers.
2. Increase transparency thereby customers can have a better understanding of what types of services level can be expected from the Company.
3. Foster customer confidence in the Company.

## **II. Application of the Code**

The Code applies to all products offered by the Company.

The Company will continue to evaluate multiple products to meet the financing requirements of its customers. The Code will continue to apply to any product that is developed and provided by the Company to its customers.

## **III. Applications for loans and their 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 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 decision can be taken by the borrower. The loan application form would indicate the documents required to be submitted with the application form.
3. We would provide 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.

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

1. We would convey in writing to the borrower in the vernacular language as understood by the borrower by means of sanction letter or otherwise, the amount of loan sanctioned along with the terms and conditions



including annualised rate of interest and method of application thereof and keep the acceptance of these terms and conditions by the borrower on our record.

2. We shall mention the penal charges applicable for late repayment in bold in the loan agreement.
3. We would furnish a copy of the loan agreement 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.

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

1. We 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. We would also ensure that changes in interest rates and charges are effected only prospectively. A suitable condition in this regard would be incorporated in the loan agreement.
2. Decision to recall / accelerate payment or performance under the agreement would be in consonance with the loan agreement.
3. We would release all securities 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 we may have against 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.

#### **VI. Penal charges in loan accounts**

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.

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. 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.

The quantum and reason for penal charges shall be clearly disclosed by Samunnati to the customers in the loan agreement and most important terms & conditions/Key Fact Statement (KFS) as, in addition to being displayed on its website under Interest rates and Service Charges.

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 therefore shall also be communicated.

## **VII. General**

1. We 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).
2. In case of receipt of request from the borrower for transfer of borrowal 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.
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.
4. We shall not charge foreclosure charges/ pre-payment penalties on all floating rate term loans sanctioned to individual borrowers.

## **VIII. Responsibility of Board of Directors**

Our Board of Directors would also lay down the appropriate grievance redressal mechanism within the organization. Such a mechanism would ensure that all disputes arising out of the decisions of lending institutions' functionaries are heard and disposed of at least at the next higher level. The Board of Directors would also provide for periodical review of the compliance of the Fair Practices Code and the functioning of the grievances redressal mechanism at various levels of management. A consolidated report of such reviews would be submitted to the Board at half yearly intervals.

## **IX. Grievance Redressal Officer**

At the operational level, we will display the following information prominently, for the benefit of our customers, at our 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 us.
- (b) 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 our registered office falls.

The public notice would 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.

## **X. Language and mode of communicating Fair Practice Code**

Fair Practices Code, which would also be in the vernacular language and would also be put up on our web-site, for the information of various stakeholders.

## **XI. Responsible Lending Conduct - Release of movable / immovable property documents & removal of charge**

- (i) Once full repayment is received and loan account is closed, Samunnati shall
    - a. Release all the documents(title deeds) within 30 days from the date of full repayment by the customer (“Stipulated Time”)
    - b. Remove charges/Provide NOC to facilitate removal of charges registered with any registry within 30 days after full repayment.
  - (ii) Borrowers shall be given an option of collecting the documents either from the Head Office or any other branch office of Samunnati, as may be mutually agreed upon.
  - (iii) Samunnati shall mention the timeline and place of return of the documents in the sanction letter(s).
  - (iv) Procedure for return of documents to legal heirs in the event of demise of the borrower:
    - a. The borrower’s legal heirs shall submit a request in writing for the return of documents.
    - b. Samunnati shall settle the claim without production of legal representation on the basis of application, death certificate, letter of disclaimer, affidavit, Indemnity etc. The applicability and procedure have been mentioned below:
      - a. The customer has died **INTESTATE**.
      - b. There are no disputes among the legal heirs and all the legal heirs (other than those who have furnished a Letter of Disclaimer) join to indemnify Samunnati and there is no reasonable doubt about the genuineness of the claimant(s) being the only legal heirs.
- Samunnati shall hand over the documents to the legal heir(s) upon submission of legal heirship/succession certificate & other necessary documents to its satisfaction. The procedure shall be displayed in the Company’s website as part of this Code of Conduct.
- (v) If there are any delay in releasing the documents or failing to remove charges registered within Stipulated Time -
    - a. The reason for such delays shall be communicated to the borrower.
    - b. If such delay is attributable to Samunnati, Samunnati shall provide a compensation of Rs. 5,000/- per day, till the time the documents are released in full to the borrower
  - (vi) If the document is lost / damaged either in full or part -
    - a. Samunnati shall assist the borrower in obtaining duplicate certificate(s)/document(s) and shall bear the associated cost.
    - b. If Samunnati is unable to obtain duplicate certificate within 60 days from full repayment, the borrower shall be paid a compensation of Rs. 5,000/- per day for the period of delay.
  - (vii) The compensation provided shall be without prejudice to the rights of a borrower to get any other compensation as per any applicable law.

## **XII. Compensation to customers for delayed updation/ rectification of credit information to Credit Information Companies(CICs)**

Complainants shall be entitled to a compensation of ₹100 per calendar day in case their complaint is not resolved within a period of thirty (30) calendar days from the date of the initial filing of the complaint by the complainant with Samunnati/ CIC. Samunnati would get twenty-one (21) days and CICs would effectively get the remainder of nine (9) days for complete resolution of the complaint.

Samunnati shall pay compensation to the complainant on its failure to send updated credit information to the CICs by making an appropriate correction or addition or otherwise within twenty-one (21) calendar days of being informed by the complainant or a CIC.

While acknowledging receipt of the complaint, Samunnati shall verify availability of updated contact details, email id in its records. Samunnati shall also check the customer's bank details held on record or seek a copy of the cancelled cheque from the customer/UPI id for registering fresh bank particulars if applicable.

The complainant shall be informed of the action taken in all cases including the cases where the complaint has been rejected. In cases of rejection, the reasons for rejection shall also be communicated.

The date of the resolution of the grievance shall be the date when the rectified Credit Information Report (CIR) has been sent by the CIC or CI to the postal address or email ID provided by the complainant.

## **XIII. In the event of a delay, beyond 30 days of resolution of the complaint, the compensation amount shall be credited to the bank account of the complainant within five (5) working days of the resolution of the complaint. Rate of interest**

- (a) We shall adopt an interest rate model taking into account 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 rate 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.
- (b) The rates of interest and the approach for gradation of risks shall also be made available on the web-site of the companies or published in the relevant newspapers. The information published in the website or otherwise published should be updated whenever there is a change in the rates of interest.
- (c) The rate of interest should be annualised rate so that the borrower is aware of the exact rates that would be charged to the account.
- (d) We shall lay out appropriate internal principles and procedures in determining interest rates and processing and other charges.



#### **XIV. Responsibilities for Outsourced Activities:**

As per RBI Master Direction on Regulatory Framework for Micro Finance, we shall be accountable for inappropriate behaviour by its employees or employees of the outsourced agency and shall provide timely grievance redressal,

#### **XV. Review**

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