

## FAIR PRACTICE CODE

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## Fair Practices Code

### 1. Preamble

Savitri Capital Limited (SCL) is a new age NBFC providing fast and flexible collateral Business loans to small business entrepreneurs, thus driving financial inclusion of the underserved MSME sector in India. Savitri Capital Limited (SCL) provides loans in the range of INR 1-25 lakhs for Working Capital and Asset Purchase needs. Savitri Capital Limited (SCL) is addressing the missing link between microfinance and commercial capital in the MSME sector. The funds for such loans are borrowed from banks and other financial institutions for on-lending to potential borrowers.

Pursuant to Reserve Bank of India (RBI's) Master Circular Reserve Bank of India (Non-Banking Financial Company– Scale Based Regulation) Directions, 2023 (“**Directions**”), 2023 (as amended from time to time) issued to Non- Banking Financial Companies (NBFCs), the Board of Directors have adopted a Fair Practices Code for Savitri Capital Limited (SCL).

### 2. Introduction

The Reserve Bank vide Reserve Bank of India Master Circular Reserve Bank of India (Non-Banking Financial Company–Scale Based Regulation) Directions, 2023 (“**Directions**”) as amended from time to time, have issued guidelines on Fair Practices Code (FPC) for all NBFCs to be adopted by them while doing lending business. The guidelines, inter alia, covered general principles on adequate disclosures on the terms and conditions of a loan and also adopting a non-coercive recovery method. The same was revised in view of the recent developments and the rapid growth in NBFCs.

### 3. Objective

The objective of the code is primarily to ensure fair and transparent transactions with all our customers. This will also facilitate the customers to have a better understanding about the products and the various charges levied by the Company.

The below mentioned Fair Practices Code shall be followed by the Company. The main objectives of the code are:

- Promotion of fair practices by setting minimum standards for customer relationships;
- Increased transparency so that the customer fully comprehends what he/she can reasonably expect of the Company's services;
- Encouragement of market forces, through competition, to achieve higher operating standards;
- Promotion of a fair and cordial relationship between the customer and the Company; and
- Fostering confidence in the customers.

### 4. Key Considerations

The Fair Practices Code, as adopted herein below, is in conformity with the guidelines on Fair Practices Code for NBFCs as contained in the aforementioned RBI Circular.

## **5. Fair Practices Code**

The Company's business will be conducted in accordance with prevailing statutory and regulatory requirements, with due focus on efficiency, customer orientation and corporate governance principles. In addition, the Company will adhere to the Fair Practices Code in its functioning.

## **6. Process and Guidelines**

The key elements are as follows:

### **a) Applications for Loans and their Processing**

- All communications to the borrower shall be explained in the language as understood by the borrower.
- Loan application done digitally with consent from the borrower, so that to avoid paper use and misuse of customers documents insuring privacy. Documents collected in digital for initially keeping borrower informed and process flow explained to them.
- Acknowledgement for receipt of all loan applications is given digitally.
- The Company would verify the loan applications within a reasonable period of time.
- The Company would inform the applicant the reasons for rejection of their application.

### **b) Loan Appraisal and Terms/Conditions**

The key terms and conditions of the loan shall be explained to the borrowers in the language understood by the borrower, as requested. The amount of loan approved along with the terms and conditions, including the annualized rate of interest and method of application thereof. Additionally, any penal charges to be charged for late repayment will be clearly highlighted (in bold) in writing in the loan agreement. The Company will keep the acceptance of all these terms and conditions by the borrower in the Company's files.

### **c) Disbursement of Loans including Changes in Terms and Conditions**

The Company shall give notice to all its borrowers of any change in the terms and conditions – including disbursement schedule, interest rates, service charges, prepayment charges etc. The Company shall also ensure that changes in interest rates and charges are affected only prospectively. A suitable provision in this regard shall be incorporated in the loan agreement.

Decision to recall/accelerate payment or performance under the agreement shall also be in consonance with the loan agreement.

The Company shall release all securities on repayment of its full dues or on realization of the outstanding amount of loan subject to any legitimate right or lien for any other claim, the Company may have against its borrowers. 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 the Company is entitled to retain the securities till the relevant claim is settled/ paid.

**d) General**

- The Company shall refrain from interference in the affairs of the borrower except for the purposes provided for in the terms and conditions of the loan agreement (unless information, not earlier disclosed by the borrower, has come to the notice of the Company).
- Any changes to the loan terms and conditions, post the disbursal of the loan, will be duly communicated to the Borrower(s). Further, all the changes will be effective only on a prospective basis.
- The Company will publish salient features of all loan products in its website.
- The rates of interest and the approach for gradation of risks shall be made available on the website of the company. The information published in the website shall be updated whenever there is a change in the rates of interest.
- The Company will store loan papers/property documents at centralized locations (fire proof environment).
- The Company will not discriminate on the grounds of age, gender, sexual orientation, caste, religion, marital status, health status, disability, political affiliation, or participation in a trade union in the matter of lending. The officers of the company shall be duly trained to act appropriately in all their dealings with the customers, both prior and post the sanction of the loan.
- The officers of the company shall be duly trained to act appropriately in all their dealings with the customers, both prior and post the sanction of the loan.
- In case of receipt of request from the borrower for transfer of borrowed account, the consent or otherwise i.e. objection of the Company, if any – shall be conveyed to the borrower within 21 days from the date of receipt of any request. Such transfer shall be as per transparent contractual terms in consonance with law.
- In the matter of recovery of loans, consistent with its policy, the Company shall not resort to any harassment – such as persistently bothering the borrowers at odd hours, use of muscle power for recovery of loans, etc. However, the company will not be precluded from taking necessary legal or other collection related activities on the Borrower(s) in the event of a delay or default in payment of dues by the Borrower(s).
- The Company shall deal quickly and proactively will rectify things that go wrong by:
  - Correcting mistakes quickly;
  - Attending to customer complaints quickly as per the Customer Grievance Redressal Mechanism laid out by the Company;
  - Telling our customers how to take their complaint forward if the customers are still not satisfied with our assistance;
  - Reversing any charges that we apply due to our mistake.
- The Company shall not charge foreclosure charges/pre- payment penalties on all floating rate term loan sanctioned to individual borrowers.

**e) Responsibility of Board of Directors**

The Board of Directors of Company should also lay down the appropriate grievance redressal mechanism within the organization. Such a mechanism should ensure that all disputes arising out of the decisions of company's function arise are heard and disposed of at least at the next higher level. The Board of Directors shall provide for 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 shall be submitted to the Board on quarterly basis, as may be prescribed by it.

**f) Grievance Redressal Officer**

The Company shall display at their branches/places where business is transacted:

- The name and contact details (Telephone/mobile number and also email address of the Grievance Redressal Officer who can be approached by the public for resolution of complaints against the Company.
- A customer can raise a complaint or express their dissatisfaction on the company service in manner specified in the manner specified in paragraph (k) herein below and as specified in the website of the Company.

**g) Language and mode of communicating Fair Practice Code**

Fair Practices Code shall be (which should preferably in the vernacular language or a language as understood by the borrower) based on the guidelines outlined by the RBI should be put in place by all NBFCs with the approval of their Boards. The same should be put upon the web-site for the information of various stakeholders.

**h) Periodic Review**

The Company will also review and refine the Code, as may be required periodically based on its own experience and fresh guidelines, if, any, to be issued by the RBI in this regard.

**i) Regulation of excessive interest charged by the Company**

The Company shall lay out appropriate internal principles and procedures in determining interest rates and processing and other charges if any, and also to ensure that they are not excessive.

The Company shall adopt an interest rate model considering relevant factors such as, cost of funds, margin and risk premium, etc. and determine the rate of interest to be charged for loans and advances.

The rate of interest and the approach for gradations of risk, viz. the financial strength, business, regulatory environment affecting the business, competition, past history of the borrower, etc. and rationale for charging different rate of interest to different categories of borrowers shall be disclosed to the borrower or customer communicated explicitly in the sanction letter.

The rates of interest and the approach for gradation of risks shall also be made available on the website of the company.

**j) Clarification regarding repossession of hypothecated assets financed by the Company**

The Company shall have a built-in re-possession clause in the contract/loan agreement with the borrower which must be legally enforceable. The Company shall ensure that the entire process of enforcing its security, valuation and realization thereof be fair and transparent. The Company shall also ensure that the staff is adequately trained to deal with the customers in an appropriate manner.

To ensure transparency, the terms and conditions of the contract/loan agreement should also contain provisions regarding:

- (a) The notice period before taking possession;
- (b) The circumstances under which the notice period can be waived;

- (c) The procedure for taking possession of the security;
- (d) A provision regarding final chance to be given to the borrower for repayment of loan before the sale/auction of the property;
- (e) The procedure for giving repossession to the borrower; and
- (f) The procedure for sale /auction of the property.

A copy of such terms and conditions shall be made available to the borrowers in terms of circular wherein it was stated that the Company may invariably furnish a copy of the loan agreement 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, which may form a key component of such contracts/loan agreements.

#### **k) Customer Complaints Grievances**

Savitri Capital Limited (SCL) has a robust Grievance Redressal Mechanism. In order to effectively address customer grievances, Savitri Capital Limited (SCL) has introduced multiple channels of communication as described below. A customer can raise a complaint or express their dissatisfaction of the company service or those provided by an outsourced agency through the below channels:

1. Walk in to their service branched, and speak to the Relationship Manager.
2. Call the toll-free customer care number Monday-Friday| 10.00AM-6.00PM and speak to our customer care agent.
3. Email us the customer issues at [customercare@savitricapital.com](mailto:customercare@savitricapital.com)
4. Raise a complaint on our website- [www.savitricapital.com/contact-us/](http://www.savitricapital.com/contact-us/)
5. Send letters or notices to the registered office:

#### **Registered Office Address:**

Savitri Capital Limited (SCL),  
Office no 207, NRK Bizz Park, PU4, Vijay Nagar, Indore, Madhya Pradesh, 452010

After waiting for a reasonable time, if the customer feels that his issue is still not addressed or resolved to his satisfaction he/she may escalate the issue as per the company escalation Matrix.

Customer Grievance Escalation Matrix			
Level	Name of the Officer	Contact Details	Designation
Level1	Aman Udasi	Phone No: 9425367824 Email: <a href="mailto:aman.udasi@savitricapital.com">aman.udasi@savitricapital.com</a>	Credit Manager
Level2	Ratnesh Rathi	PhoneNo: 9244830030 Email: <a href="mailto:ratnesh.rathi@savitricapital.com">ratnesh.rathi@savitricapital.com</a>	Vertical Head , Grievance Redressal Officer/ GRO
Level3	Irfan Shaikh	Phone No: 9977227651 Email: <a href="mailto:grievance@savitricapital.com">grievance@savitricapital.com</a>	Principal Nodal Officer; Chief Executive Officer & Director of the Board

**4<sup>th</sup> Level Escalation:** In rarest of the scenarios where the customer is not happy with the response provided by the 3rd level escalation, and if the issue is not resolved within 1 month of submission, the customer can write to the NBFC Ombudsman at <https://cms.rbi.org.in/cms/indexpage.html#eng>

## **7. Review:**

The Policy will undergo annual reviews or as needed to accommodate changes in regulatory requirements.

To the extent applicable, the Company shall make necessary changes to existing processes in order to align with and implement the changes in accordance with any new amendments to the Directions.