

Fair Practice Code

Version 2.0

Nov 2023

1. Introduction & Objective

SATYA (company) is registered as a Non-Banking Financial Institution under section 45 I A of the Reserve Bank of India (RBI) Act, 1934. As per the registration granted to company it is currently classified as a Non-Banking Finance Institution that may not accept public deposits.

Company started its microfinance operations by adopting the “Joint Liability Group (JLG) Model” leveraging technology and new adaptations.

The Fair Practice code has been developed with an objective of:

- Ensuring fair practices while dealing with customers.
- Greater transparency enabling customers in having a better understanding of the product and taking informed decisions.
- Building customer confidence in the institution.

2. Target Audience

The Fair Practice Code shall be available in public domain at company’s website and shall also be placed at the notice board of all the offices.

3. Regulatory Reference

Pursuant to the RBI Master Direction- (Regulatory Framework for Microfinance Loans) Directions, 2022 updated circular RBI/DOR/2021-22/89 DoR.FIN.REC. 95/03.10.038/2021-22 dated March 14, 2022 and RBI/2015-16/16 DNBR (PD) CC.No.054/03.10.119/2015-16 dated July 1, 2015, company has adopted the following guidelines as regulatory reference RBI and approved in the Company’s Board meeting.

4. Applications for loans and their processing

- The Application form/ appropriate documents of company to indicate the list of documents required to be submitted by the borrowers along with the application form.
- Company would inform the borrower about the loan products with complete detail within reasonable periods of time or at the time of loan application/ sanctioning of loan.
- Each client will be appraised with all necessary information’s of process, loan features and term & condition in language (local language) understood by clients at the time of submitting application for loan. Client shall be provided with contact no. of the field staff or branch manager to enquire about the status of loan applications.
- There will not be discrimination of its clients based on caste, creed, religion, language and regions.
- company will provide all necessary details of the loan product along with terms and conditions in the loan application. The product details and terms & conditions will be displayed on website and branch premises prominently in language which is understandable by the borrower. The loan application shall provide KYC documents required for availing the loan.

- Company will furnish the acknowledgement for receipt of loan application. The time frame of 10 days within which loan application will be disposed of shall also be indicated in the acknowledgement.

5. Loan appraisal and terms/ conditions

- Loan applications shall be subject to guidelines from RBI and the company's credit appraisal processes which are to be adopted in terms of RBI instructions and framework.
- Upon approval of the loan, a sanction letter indicating the amount of loan sanctioned, rate of interest applicable, method of interest calculation along with other terms and conditions shall be conveyed to the loan applicant in writing in **vernacular language**. A **written acceptance** of such terms and conditions will be taken from the borrower.
- Loan appraisal will adhere to the method of assessing income and repayment capacity mentioned in RBI's directions RBI/DOR/2021-22/89 DoR.FIN.REC. 95/03.10.038/2021-22 dated March 14, 2022.

FACT Sheet -Each borrower will be provided all pricing related information (including any fee, charge, penalty or any other amount deducted) in the factsheet.

- Loan agreement shall disclose following information –
 - All the terms and conditions of the loan, that the pricing of the loan as mentioned in fact sheet, that there will be no penalty charged on prepayment of any loan (incentive for on time payment or payment holiday)
 - that no Security Deposit / Margin is being collected from the borrower,
 - An assurance that the privacy of borrower data will be respected.
- A copy of the loan agreement along with the fact sheet will be furnished to all the borrowers.

6. Disbursement of loans including changes in terms and conditions

- We shall give 3 months' notice in local language to the Borrowers of any changes to the terms and conditions, fact sheet, including disbursement schedule, interest rates, service charges, prepayment charges and all other charges/ deductions which may arise as per the company policy. (Exemption will be for any regulatory directives to be implemented with specified timelines which may be earlier than 3 months)
- Changes in the interest rates and other charges shall be effected prospectively other than under circumstances arising from regulatory instructions. Retrospective changes shall as far as possible be avoided and shall be implemented only within the framework define in the Loan Agreements.
- LOAN CARD- Company shall issue loan card containing following information -
 - Borrower's photograph, KYC details and other relevant information
 - Fact sheet on pricing
 - All terms and conditions attached to the loan
 -
 - Company acknowledgement for the repayments including installments received and final discharged.
 - All the entries in the loan card shall be in the local language or in the language understandable by the borrower
 - Details of grievance redressal system, including the name and contact number of nodal

- office of the company , SRO and RBI
- Fee structure and details of any non-credit product
- We shall prominently display our Grievance Redressal System including the Toll free no. 18001025644 and designation of the nodal officer apart from Branch address and telephone number of the branch.

7. Non-Coercive Methods of Recovery

- As specified in the NBFC-MFIs (Reserve Bank) Directions, 2022, recovery shall be made only at a central designated place. Field staff will be 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 two or more successive occasions.
- Company will ensure that a **Board approved policy** is in place with regard to **Code of Conduct** by field staff and systems for their recruitment, training and supervision. The Code shall lay down **minimum qualifications** necessary for the field staff and shall have necessary training tools identified for them to deal with the customers. Training to field staff shall include programs to inculcate appropriate behavior towards borrowers without adopting any threatening or abusive or coercive debt collection / recovery practices/ harassing of relatives, friends or coworkers / publishing the borrowers name / any sort of violence/any misleading information to the borrower wrt debt or consequences of non repayment. Compensation methods for staff should have more emphasis on areas of service and borrower satisfaction than merely the number of loans mobilized and the rate of recovery.
- Calling for collection will be held between 9:00am to 6:00 pm
- Generally only employees and related party employees and not outsourced recovery agents be used for recovery in sensitive areas.

8. General

- The Fair Practice Code in vernacular language shall be displayed in all offices and branch premises.
- The minimum/ maximum interest charged and the grievance redressal system shall be displayed in all the offices and in the literature issued by the company (in vernacular language) and on the website,
- The KYC Guidelines of RBI will be complied with. Due diligence shall be carried out as per the regulatory framework and company policies to ensure the repayment capacity of the borrowers,
- As specified in the NBFC-MFIs (Reserve Bank) Directions, 2022, all sanctions and disbursement of loans should be done only at a central location and more than one individual should be involved in this function. In addition, there should be close supervision of the disbursement function,
- Company will take adequate steps may be taken to ensure that the procedure for application of loan is not cumbersome and loan disbursements are done as per pre-determined time structure.
- In case of receipt of request from the borrower for transfer of borrower account, the consent or otherwise i.e. objection of company if any is generally conveyed within 21 days from the date of receipt of request. Such transfer will be as per transparent contractual terms in consonance with all the applicable laws.

9. Internal Audit and Control

As the primary responsibility for compliance with the Directions rest with the NBFC-MFIs, company has made necessary organizational arrangements to assign responsibility for compliance to designated individuals within the company and establish systems of internal control including audit and periodic inspection to ensure the same.

10. Complaint and Grievance Redressal Mechanism

Company has laid the appropriate grievance redressal mechanism within the organization to resolve the disputes arising in this regard. All grievances will be addressed to designated officials assigned by the Company. The compliances of fair practice code and functioning of grievance redressal mechanism will be reviewed by the Board. A consolidated report of such reviews may be submitted to the Board at regular intervals, as may be prescribed by it.

Channel 1: Physical receipt of the complaint by the Company's officials

Channel 2: Complaint to State Nodal Officer

Channel 3: Toll free number

Channel 4: SRO toll free number

Channel 5: RBI telephone number

The details of each channel are as follows:

Channel 1: Receipt of the complaint by the Company's officials

Customer may contact the Branch Head or contact at Toll Free Number or may also use Complaint/Suggestion Box or Complaint Book available at Branch for submitting complaints.

Every Branch is required to have the following:

- Feedback cum Complaint Register
- Display of the name, address and details of Toll-Free number
- Display of the name, address and details of SRO Toll – Free number
- Display of the name, address and details of phone number of RBI

The process of the complaint's redressal unit will ensure closure of all the complaints within a timeframe of 30 working days. If customer is not satisfied with the action against the complaint or branch level staff fails to close the case within the duration of 30 working days, then customer can escalate the complaint to the toll-free number.

Company has put in a robust mechanism to handle these complaints. Company reviews all the complaints which are at the branch level on regular basis and understand the reasons for the complaint and it will be ensured by the State Head and Zonal Business Head to put this process in place to avoid the escalation and ensure non occurrence of such complaints in future.

Channel 2: Complaint to State Nodal officer Client may contact the State Nodal Officer. If the client is not satisfied with the response received from the Branch/ Toll free number, she may contact the State Nodal Officer at the contact details provided on the website or displayed on Branch Notice Board

Channel 3: Satya's Toll-Free Number

At Head Office Level, customer can directly approach to Customer Grievance Cell, where company has a dedicated **Toll-Free Number (1800-102-5644)** and a dedicated team that complies, addresses and escalates customer's calls every day. The necessary steps to assure customer grievance redressal are as follows:

The customer or her / his representative shall report to Customer Care Executive (CCE) in case she has any complaint. CCE will seek the information from the customer and visa -vis the customers have to disclose the details to the CCE which are as presented in the table.

Upon the receipt of the calls, CCE registers the complaint based on the criticality that is complaint, service request and queries and speaks to the relevant company's officials to validate the complaint raised by the customer. If CCE finds that the complaint is genuine and needs to be addressed immediately, then CCE mobilize immediate support and ensures timely redressal of the complaint with the help of company's officials. In case of third-party product, the CustomerCare Executive provides the concern party mobile number so that customer can directly register their complaint to the third-party provider and take the follow up with customer regarding the resolution and satisfaction.

- State name, Branch name and Village Name
- Applicant and Co- Applicant Name as written in the loan Card
- Centre ID and Customer ID as written in the loan card
- Contact Details
- Product and Service to which complaint is related
- Details of Complaint
- Other details as required by CCE

The details of this channel are as follows:

Toll-Free Number: - 1800-102-5644

9 am to 6 pm on weekdays (except second and fourth Saturdays) & National Holidays.

Company has committed to the SRO guideline on CGRM. Therefore, company has categorized the calls in three levels which is based on the nature of concern raised by the customer which are as follows:

1. Complaints
2. Service Request
3. Queries

Complaints

Definition: A call is to be categorized as a complaint when the caller or the person on whose behalf the caller is calling, is an existing customer or past customer of the organization who has the grievances related to the guideline defined by SRO regulations from time to time. Further, the complaint may call for redressal or for addressing of issues.

Service request

Definition: A call to be categorized as a service request when it is from an existing customer who has availed a loan and wants to avail a service with respect to the loan taken.

Queries

Definition: A call to be categorized as a query when the caller is an existing or potential customer and wants to either avail information regarding products offered in general or wants any specific

information regarding the existing loan that she/ he may have availed.

Company has not only done the categorization of calls but also defined the timeframe to resolve each case on time along with proper escalation mechanism. All categories of call will be resolved within the timeframe of 30 working days. **#For Insurance claim cases:** TAT is 60 days basis on the respect of correct documents & verification related process conducted by insurance company.

Customer Grievance Redressal team maintains a call log / control sheet of all the calls received on the toll-free number in MS excel, where all the details of the query / complaint is fed along with the subsequent escalation and action taken to resolve the grievance. Status of the case is also updated in the log as

- Closed: Closed cases are all those cases which are resolved by the Grievance Redressal team either by sharing relevant information with the customer or by immediate intervention of regional operations team at the branch level, to the satisfaction of customer.
- Open: All those cases are open which could not be resolved or flagged by the line department and further action needs to be taken to resolve the open cases.

Monthly CGRM report will be prepared by the CGRM team and will be shared by the Senior Management. A summary of all such complaints are prepared and presented periodically in the board meetings so that the board can appraise and guide the management on best practices on grievance redressal to enable company to be a customer centric organization. Similarly, Management regularly reviews KPIs such as percentage of cases resolved, average time to resolve cases and take corrective action to resolve mis – handled cases and improve systematic shortcomings.

Apart from the Toll-free number, customer may use the below mentioned platforms:

Write (to us at the below mentioned address):

Satya MicroCapital Limited - Grievance Redressal Officer

Ms. Gaurangini Jain

(Dy. CEO)

Mobile No: +91- 9958260030

DPT 519, DLF Prime Towers,

Block-F, Okhla Phase-I,

New Delhi-110020

Or

Email (us at): - grievance@satyamicrocapital.com

Channel 3: SRO toll free number

We ensure a response to letters/emails received through this channel within 30 working days. If the complaints/dispute is not redressed within a period of given time frame, the customer may appeal to the below mentioned contact details:

Micro-Finance Institutions Network (MFIN),

PSP 4-003, 4-004, 4th Floor, Emaar Palm Spring Plaza,

Golf Course Road, Sector – 54,

Gurugram -122003, Haryana
Toll Free Number 1800- 102- 1080
Tel. No.: +91 124 – 4576800
Email: contact@mfinindia.org

Channel 4: RBI telephone number

If the case is not resolved by Micro Finance Institutions Network, then the customer may contact the Reserve Bank of India. The case will be taken by the Officer-in-charge of the Regional Office of Department of Non-Banking Supervision of RBI under whose jurisdiction the registered office of company falls. The details of DNBS is as given below:

Dy. General Manager, Department of Non-Banking Supervision (DNBS)
Reserve Bank of India, 6, Parliament Street,
New Delhi-110001
Tel. No.: +91 011-23714456/0538
Email: - dnsnewdelhi@rbi.org.in

Complaints that are received at our end will be seen in the right perspective and would be analyzed from all possible angles. The communication regarding company's stand on any issue will be communicated to the customers. Complaints that require some time for examination of issues involved will be acknowledged promptly and responded as per defined response time.

During quarterly Internal Audit process, the internal audit team also checks the Customer Complaint Register available at branches and its resolution is carried out by the branch team for the closure of the complaint.

i. Mandatory Display Requirements

Company has the following in all our branches:

- Appropriate arrangement for receiving complaints and suggestions.
- Display of the name, address and contact number of the Complaint Redressal Officer

The process of the complaints redressal unit will ensure closure of all the complaints to the customers' satisfaction.

They will ensure that the complaint is escalated to the appropriate levels in case it is not possible to resolve at his/her level. Whilst the ultimate endeavor is to ensure we reach a situation where our customers don't have to complain to senior management to get an effective redressal, we have put in a robust mechanism to handle these complaints, review them from a point of view and understand the reasons for the complaint and for the escalation and working on prevention of recurrence thereof.

ii. Time Frame

To register complaints, the customers may use any of the channels mentioned above (refer point (a) on Internal Machinery to handle the customer complaints). If the complaint has been received in writing, Company will endeavor to send an acknowledgement/response within a week. Once the

matter is examined, Company endeavor to either send a final response to the customer or an intimation seeking more time within one month upon receipt of complaint.

Complaints that are received at our end will be seen in the right perspective and would be analyzed from all possible angles.

The communication of Company stand on any issue will be provided to the customers. Complaints that require some time for examination of issues involved will be acknowledged promptly.

The aforesaid policy will be reviewed periodically/ revised as and when there are many new changes incorporated by company in handling complaints/ grievances of the customer which includes introduction of new grievance channels, if any.

iii. Regulation of Excessive Interest Charged

The company has laid down appropriate internal principles and procedures in determining interest rates and processing fees and other charges.

The company has adopted an interest rate model taken into accounts - cost of funds, margin and risk premium for determining rate of interest to be charged for loans and advances.

The rate of interest will be annualized so that the borrower is aware of the exact rates that would be charged to the account.

11. Confidentiality of Client Information's

SATYA will maintain the privacy and confidentiality of client's personal and financial information's.

12. Glossary

Abbreviations	Details
DNBS	Department of Non-Banking Supervision
Dy.	Deputy
JLG	Joint Liability Group
KYC	Know Your Customer
MD	Managing Director
MFI	Micro Finance Institution
NBFC	Non-Banking Finance Company

No.	Number
RBI	Reserve Bank of India
SATYA	Satya MicroCapital Limited