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FAIR PRACTISE CODE

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INTRODUCTION

Reserve Bank of India has issued guidelines on Fair Practices Code for Non-Banking Finance Companies thereby setting standards for fair business and corporate practices while dealing with their customers. This Fair Practice Code is aimed to provide to all the stake holders, especially customers effective overview of practices followed by the company in respect of the financial facilities and services offered by the company to its customers.

Save Financial Services Private Limited (“SFSP” or the “Company”) is registered as Non-deposit taking, NBFC with RBI and the company hereby furnishes the Fair Practices Code (“the FPC”) based on the guidelines issued by RBI. The Company shall also make appropriate modifications in the FPC from time to time to confirm the standards that may be prescribed by RBI. The Fair Practices Code, as adopted herein below, is in conformity with the Guidelines on Fair Practices Code for NBFCs as contained in the RBI Circulars.

PURPOSE

The Company has put in place the FPC with an endeavour to achieve synchronization of best practices when the Company is dealing with its stakeholders such as customers, employees, vendors, etc. The Company’s Fair lending practices shall apply across all aspects of its operations including marketing, loan origination, processing, and servicing and collection activities. The Company’s commitment to the FPC would be demonstrated in terms of employee accountability, monitoring and auditing programs, training and technology.

The Company’s Board of Directors and the management are responsible for establishing practices designed to ensure that its operations reflect a strong commitment to fair lending and that all employees are aware of that commitment.

The FPC will be applicable to all the offices of the Company including the Head Office and the Regional Offices located in various centres and the Branches located across India. The FPC shall be binding on all the employees and officers of the Company.

DEFINITION

- a. “Board” means Board of Directors of the Company.
- b. “Company” means Save Financial Services Private Limited.
- c. “Directors” means individual Director or Directors on the Board of the Company.
- d. “FPC” means Fair Practice Code

KEY COMMITMENTS

The essence of the FPC lies in the following aspects that the Company shall strive to follow in spirit and in letter:



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- A. To act fairly and reasonably in all the dealings with borrowers by ensuring that:
 - i. The Company's products, services, procedures and practices will meet the broad requirements and standards in the FPC;
 - ii. The Company's products and services will be in accordance with relevant laws and regulations as applicable for the time being in force;
 - iii. The Company's dealings with its borrowers will rest on ethical principles of honesty, integrity and transparency.

- B. The Company will assist its customers in understanding as to what the broad features of its financial products and services are and what are the benefits and risks involved in availing the same by:
 - i. Providing information about the products and services in simple manner;
 - ii. Explaining the financial implications of using the products and services.

- C. The Company will make every attempt to ensure that its customers would have trouble-free experience in dealing with it. However, in case of error of commission and/or omissions, it shall:
 - i. Deal with the errors promptly and effectively;
 - ii. Deal with the Grievances redressal in a quick and efficient manner and to the satisfaction of the customers;
 - iii. Promptly handle Complaints;
 - iv. Have Escalation process, in the event of dissatisfaction of the borrower in handling his complaint(s);
 - v. To foster confidence in the finance system.

- D. Publicize this Code, put it on Company's website and have copies available for customer on request

Objectives of the Code

- a. To promote good and fair practices by setting minimum standards in dealing with customers.
- b. To increase transparency so that the customer can have a better understanding of what He/she can reasonably expect of the services,
- c. To encourage market forces, through competition, to achieve higher operating standards.
- d. To promote a fair and cordial relationship between the customer and the Company.

APPLICABILITY OF FAIR PRACTICE CODE

The FPC will be applicable to the following broad areas:

A. FAIR PRACTICES CODE FOR ALL LENDING ACTIVITIES



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I. LOAN APPLICATIONS AND PROCESSING

1. All communications by the Company to the borrower shall be in the vernacular language or a language as understood by the borrower.
2. Primary data would be taken from the borrower along with Know Your Customer (KYC) norms as per the Company guidelines in the prescribed format. The same is checked with the Credit Bureau before further processing.
3. Loan application forms provided by the Company should 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. Borrower has to submit the following documents along with the application to obtain the loan from the Company.
 - KYC document as prescribed by the RBI (for both ID Proof & Address Proof)
 - Income Proof
 - Passport size photograph of the client.
 - The loan Application form may indicate the list of documents require to be submitted with the application form.
4. The Company shall give acknowledgement for receipt of all loan applications. The time frame within which loan applications will be disposed shall also be indicated in the acknowledgement.
5. The authorized staff of the Company shall verify the loan application along with all the sureties and approvals, applicable as per the policies of the Company. The staff should also make sure that the following information is filled completely:
 - Date of application
 - Borrower identification particulars
 - Loan amount and product details
 - Applicable interest rate
 - Term of the loan
 - Repayment particulars
 - Details of indebtedness
 - Income details
 - Purpose of the Loan
6. The company would verify the loan application within a reasonable period.

II. LOAN APPRAISAL AND TERMS & CONDITIONS

1. The Company shall consider all the loan applications keeping in mind the risk-based assessment procedures adopted by it and
2. The Company, before sanctioning the loan, would assess the ability of the borrowers to repay the loan and thereby approving the same on merit basis



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3. The grant of the loan shall be communicated to the borrowers in writing in a vernacular language or a language as understood by borrower by means of a Sanction Letter or otherwise, the amount of loan approved along with the terms and conditions, including the annualized rate of interest and method of application thereof.
4. The penal interest charged for late repayment will be mentioned in bold in the loan agreement.
5. The borrowers shall give their acknowledgement in writing in token of their acceptance of terms and conditions governing the loan; through loan agreement.
6. A copy of the loan documents including loan agreement and annexures thereof shall be made available to the borrower.
7. If the Company cannot provide the loan to the customer, it shall communicate in writing the reason (s) for rejection thereof.
8. Company at its discretion shall process requests for transfer of a loan account, either from the borrower or from a bank/financial institution, in the normal course.

III. DISBURSEMENT PROCEDURE OF LOANS

1. Disbursement of amount of loans sanctioned may be made available to the borrowers on demand subject to completion of all formalities including execution of loan documents.
2. The Company shall give notice to all its borrowers in vernacular language or a language understood by the Borrower of any change in the terms and conditions – including disbursement schedule, interest rates, service charges, prepayment charges etc.
3. If such change is to the disadvantage of the customer, he/she may within 60 days and without notice close his / her account or switch it.
4. If the customer forecloses the loan within 60 days of such notice since he do not agree to such increase the company will ensure that no extra interest is levied.
5. The Company shall also ensure that changes in interest rates and charges are affected only prospectively. A suitable provision in this regard is incorporated in the loan agreement.
6. All disbursement of loans should be done only at branch office and more than one individual should be present at the time of loan disbursement.
7. Decision to recall / accelerate payment or performance under the agreement shall be in consonance with the loan agreement.
8. The Company shall 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 SFSPL 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 SFSPL are entitled to retain the securities.

IV. GRIEVANCE REDRESSAL MECHANISM

1. The Company has adopted Grievance Redressal Mechanism. In case a Company's staff is involved in any kind of misbehaviour, disciplinary action against such staff shall be taken immediately.
2. All the grievances related to staff will be taken through contact number 011- 61325100 on all working days between 10:00 AM to 6:00 PM (Except 1st and 3rd Saturday for the month).



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3. For all the client related grievances, clients can make phone calls to 011-61325100, Grievance Redressal Officer, between 10:00 AM to 6:00 PM on all working days on the no. (011) 61325100 or send **email at Customercare.nbfc@saveind.in**. At the time of making calls the clients must provide the information of their client ID and branch name. In case the client has not been provided loan but has submitted the loan application, they can quote the loan application no mentioned on the acknowledgement slip of loan application form.
4. All the clients have access to the higher level staff (i.e. Branch Manager & Regional Business Head) to highlight and discuss their issues/grievances if any. The senior staff at field level has been empowered to take certain actions/decisions to address the needs/issues of the clients immediately.
5. All the branches shall have a suggestion and complaint register where the clients can make their grievances.
6. All the grievances shall be attended within 48 hours of the complaint for all the complaints received over phone and for all the grievances given in the complaint Register will be addressed within a week to fortnight time on a case-to-case basis
7. If your complaint/dispute is not redressed within One month, you may appeal to General Manager Regional office of DNBS of Reserve Bank of India (RBI) at 6, Sansad Marg, New Delhi-110001. Under whose jurisdiction the registered office of the company falls.

V. MEASURES/ REGULATIONS AGAINST CHARGING OF EXCESSIVE INTEREST

1. The Board of Directors has adopted an interest rate model for determining the rate of interest to be charged on loans and advances, processing and other charges taking into account relevant factors such as, cost of funds, margin and risk premium, etc. 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.
2. The rates of interest and the approach for gradation of risks shall also be made available on the website 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.
3. The rate of interest should be annualised rates so that the borrower is aware of the exact rates that would be charged to the account.
4. Instalments collected from borrowers should clearly indicate the bifurcation between Interest and principal

VI. COMPLAINTS ABOUT EXCESSIVE INTEREST CHARGED



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The Company has laid out appropriate internal principles and procedures in determining interest rates and processing and other charges. In this regard the guidelines indicated in the Fair Practices Code about transparency in respect of terms and conditions of the loans are to be kept in view.

VII. PENAL INTEREST

The company will charge the penal interest as mentioned in the schedule of charges.

VIII. ADVERTISING, MARKETING AND SALES

- a) The Company shall ensure that all advertising and promotional material is clear, and not misleading. The code shall apply to Sales Associates/ representative of the company in dealing with customers to the extent it is applicable.
- b) The Company may, from time to time, communicate to customers various features of their products availed by them. Information about their other products or promotional offers in respect of products / services may be conveyed to customers only if he / she has given his / her consent to receive such information / service.
- c) In the event of receipt of any complaint from the customer that representative/ DSA of the company has engaged in any improper conduct or acted in violation of this Code, appropriate steps shall be initiated to investigate and to handle the complaint and to make good the loss.
- d) Whenever the services of any third party is used for providing support services, the Company shall ensure that such third party handles customer's personal information (if any available to such third parties) with the same degree of confidentiality and security as the Company would.
- e) Company would prescribe a code of conduct to the Direct Selling Agencies (DSAs) whose Services Company may avail to market products/services which amongst other matters require them to identify themselves when they approach the customer for selling products personally or through phone.
- f) In any advertising in any media and promotional literature that draws attention to a service or product and includes a reference to an interest rate, the Company shall also indicate whether other fees and charges will apply and that full details of the relevant terms and conditions are available on request or on the website
- g) The Company shall provide information on interest rates, common fees and charges (including penal interest, if any) through putting up notices in their branches; through telephone or help-lines; on the company's website; through designated staff/ help desk; or providing service guide/ tariff schedule
- h) In the event of receipt of any complaint from the customer that Company's representative/ courier or DSA has engaged in any improper conduct or acted in violation of this Code, appropriate steps shall be initiated to investigate and to handle the complaint and to make good the loss.
- i) The Company shall adopt the Model Code of Conducts for Direct Selling Agents (DSAs)/ Direct Marketing Agents (DMAs) with the approval of the Board



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IX. GUARANTORS

When a person is considered to be a guarantor to a loan, the Company shall inform him/her the following under acknowledgement:

- a. Letter/ Deed of Guarantee stating the terms of liability as guarantor.
- b. The Company shall keep him/her informed of any default in the servicing of the loan by the borrower to whom he/she stands as a guarantor.
- c. The Company shall keep him/her informed of any material adverse change/s in the financial position of the borrower whom he/she stands as a guarantor.
- d. the amount of liability he/ she will be committing him/herself to the company
- e. circumstances in which the Company will call on him/her to pay up his/ her liability
- f. Whether the Company has recourse to his/her other monies in the company if he/ she fail to pay up as a guarantor
- g. whether his/her liabilities as a guarantor are limited to a specific quantum or are they unlimited; and
- h. time and circumstances in which his/ her liabilities as a guarantor will be discharged as also the manner in which the company will notify him/ her about this.
- i. In case the guarantor refuses to comply with the demand made by the creditor/ lender, despite having sufficient means to make payment of the dues, such guarantor would also be treated as a wilful defaulter.

X. CLARIFICATION REGARDING REPOSSESSION OF EQUIPMENTS FINANCED BY THE COMPANY

Loan agreements have a built in re-possession clause with the borrower which is legally enforceable. To ensure transparency, the terms and conditions of the contract/loan agreement contains provisions regarding:

- (a) Notice period before taking possession;
- (b) 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

Loan agreement copy is made available to the borrower post disbursement of loans.

XI. PRIVACY & CONFIDENTIALITY

- i. Unless authorized by the customer we will treat all personal information as private and confidential
- ii. Unless authorized by the customer, we will not reveal transaction details to any other entity including other than the following exceptional cases:
 - If we have to provide the information by statutory or regulatory laws
 - If there is a duty to the public to reveal this information



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- If our interest requires us to provide this information (e.g. fraud prevention) to Banks / Financial Institutions / Our Group and Associate Companies.
- We will not use this reason for giving information about customers to anyone else for marketing purposes.

XII. CREDIT BUREAU/REFERENCE AGENCIES

The Company may give information to Credit Bureau/ Reference agencies about the personal debts, the customer owes to it if.

- a. The customer has fallen behind with his/her payments;
- b. Legal proceedings have been initiated against the customer to recover the dues.
- c. Debts settled through legal recourses against the customer.
- d. It is mandated by law to provide the information of all such customers to such agencies. A clause to this effect has been included in the Loan Agreement seeking the customer's consent to share information on his loan with Credit Bureaus approved by RBI.
- e. At the same time, Company shall explain to the customer the role of credit reference agencies and the effect the information they provide can have on customer's ability to get credit.
- f. Company may give credit reference agencies other information about the customer's account based on the consent given.
- g. A copy of the information given to the credit reference agencies shall be provided by the Company to a customer, if so demanded.

XIII. GENERAL

1. The Company will not interfere 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. The Company will not discriminate loan applications based on grounds of gender, caste and religion.
3. If there is any specific request from the borrower for transfer of borrower account, the consent or otherwise i.e. objection of the Company, if any will 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.
4. In the matter of recover of loans, The Company will not resort to undue harassment i.e. persistently bothering the borrowers at odd hours, use of muscle power for recovery of loans etc. The company shall ensure that the staffs are adequately trained to deal with the



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customers in an appropriate manner

5. The Company has laid down appropriate internal principles and procedure in determining interest rates, processing fees and other charges. The Company decides Interest rate taking into account relevant factors such as cost of funds, margin, risk premium etc. to determine the rate of interest to be charged on annualised basis loans and advances and same is disclosed to the borrower in the loan application form and the sanction letter and also provided on the website of the Company
6. The rate of interest and the approach for gradations of risk and rationale for charging different rate of interest to different categories of customers shall be disclosed in the loan application form and communicated explicitly in the sanction letter.

XIV. LANGUAGE AND MODE OF COMMUNICATING FAIR PRACTICE CODE

Fair Practices Code (which shall preferably be in the vernacular language or a language as understood by the borrower) based on the directions outlined hereinabove shall be put in place by the company with the approval of their Boards. The Company will have the freedom of drafting the Fair Practices Code, enhancing the scope of the directions but in no way sacrificing the spirit underlying the above directions. The same shall be put up on their website, for the information of various stakeholders.

XV. RESPONSIBILITY OF BOARD OF DIRECTORS

1. The Board of Directors of the Company shall lay down the appropriate grievance redressal mechanism within the organisation comprising Business Heads, Heads of Risk and Collections and Heads of Operations to resolve disputes arising in this regard. This Forum will ensure that all the disputes arising out of the decisions the Company's functionaries are heard and disposed of at least at the next higher level.
2. There will be a 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 will be submitted to the Board at regular intervals.

XVI. REVIEW OF THE COMPLIANCE OF THE FAIR PRACTICES CODE

1. Mr. Ajeet Kumar Singh, Director of the Company will review the compliance of the Fair Practices Code and the functioning of the grievance redressal mechanism once in a year.
2. The Board of Directors of the Company shall review the compliance of the Fair Practices Code and the functioning of the grievance redressal mechanism at various levels of management once in year. A report on the compliance of the Fair Practices Code and the functioning of the grievance redressal mechanism will be placed before the Board of Directors of the Company once in a year.



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XVII. FORCE MAJEURE:

The various commitments outlined and made by the Company shall be applicable under the normal operating environment. In the event of any Force Majeure circumstances, the Company may not be able to fulfil the objectives under the FPC to the entire satisfaction of the borrowers, the stakeholders and the public in general.

XVIII. PERIODIC REVIEW:

In order to enhance the value and relevance to the borrowers, the Board of Director of the Company shall annually review the compliance with this Fair Practice Code, adopted by the Board.