

FAIR PRACTICES CODE

INTRODUCTION

The Code is prepared in compliance with the RBI Master Direction - Non-Banking Financial Company – (Scale Based Regulation) Direction, 2023 Circular No. RBI/DoR/2023-24/106 DoR.FIN.REC.No.45/03.10.119/2023-24 (updated as on 21st March, 2024- wherein the Reserve Bank of India (RBI) has updated the guidelines on Fair Practices Code for NBFCs ('Guidelines') to implement the same.

The Code outlines the general principles and practices adhered to by **Savani Financials Limited** (hereinafter referred to as 'the Company') in serving its customers. It has been established to ensure:

- Fair and transparent practices in customer interactions
- Equitable relationships with customers
- Compliance with regulations concerning customer interactions
- A strong mechanism for addressing customer grievances

The Code applies to all products and services offered by the Company, as well as related operations such as customer sourcing, loan processing, loan servicing, and collection activities. The Board of Directors approved the Code on 12th August, 2024.

DEFINITIONS

"Company" Shall mean '**Savani Financials Limited**' for which this Fair Practice Code has been framed.

"Board" Shall mean the Board of directors of Savani Financials Limited.

"Code" Shall mean the Fair Practice Code, as amended from time to time.

"Borrower/Customer" Shall mean any existing or prospective borrowers/customers of Savani Financials Limited.

PURPOSE

The Code sets minimum fair practice standards for the Company to follow when dealing with Customers. It provides information to Customers and explains how the Company is expected to deal with them on a day-to-day basis.

This Code applies to all Customers including those with any complaints / enquiries as posted on social media / any other media and the Company encourages all customers to reach out to the below platforms as required.

OBJECTIVE

The Code has been developed with an objective of:

- i. Ensuring fair practices while dealing with Customers to promote a fair and cordial relationship with them.
- ii. Greater transparency enabling Customers in having a better understanding of the product and taking informed decisions.
- iii. Building Customer confidence in the Company.
- iv. Follow good, fair and transparent business practices by setting reasonable standards in dealing with customers.
- v. Encourage market forces, through fair competition, to achieve higher operating standards.
- vi. Recovery and enforcement, where necessary, is conducted following due process of law.

COMMITMENT

The Company shall always do its best to act fairly, reasonably and meet the standard practices prevalent in the industry.

The Company shall abide by all the relevant laws and regulations and meet the ethical principles of integrity and transparency during its interaction with Borrowers.

While interacting with customers, the Company shall take all steps as may be required to provide clear information regarding:

- i. its various products and services.
- ii. the terms and conditions, the interest rates/servicecharges.
- iii. benefits available to customers and the implications, if any.
- iv. contact people for addressing the queries, if any.

The Code will be made available on its website.

The Company shall treat the information relating to Borrowers as strictly confidential and shall not share any information, unless required under law or waived or permitted by the Borrower.

The Company shall take necessary steps to inform its Borrowers of their right to information regarding their account and the facilities available to them.

The Company shall inform its Borrowers of all financial information such as rates of interest, charges, method of calculation etc. prior to entering any transaction.

APPLICATIONS FOR LOANS AND THEIR PROCESSING

All communications to the borrower shall be in the English language or a language as may be understood by the borrower.

In the normal course of business, the Company shall guide its Borrowers about the process and procedure to be followed for availing themselves of a loan.

The 'Loan Application / appropriate documents' of the Company will include all information that is required to be submitted by the Borrower/affects the interest of the borrower.

Necessary information will be provided by Company to facilitate the Borrower in making a meaningful comparison with similar terms and conditions offered by other Non-Banking Finance Companies (NBFCs) and taking an informed decision based on the aforesaid comparison.

Further, the Content of the Agreement is explained to the Borrower in vernacular language.

The application may also indicate the list of documents required to be submitted by the Borrowers along with the Loan application Form.

Upon receiving a loan application, the Company will provide an acknowledgment to the borrower. Ideally, this acknowledgment should include the expected timeframe for processing the loan application. The Company will review the loan applications within a reasonable period and will notify the borrowers if any additional details or documents are needed.

LOAN APPRAISAL AND TERMS/CONDITIONS

Each Loan Application submitted by the Borrower shall be considered independently on merit, upon scrutiny of all the information, documents required for verifying the title of the property, identity of the person, entity and security to be offered, including guarantees, if any.

The Company will carry out Borrower's due diligence to ascertain the credit worthiness of Borrower which will be an important parameter in taking decision of the application before sanctioning or rejection of any Loan Application Form.

They shall convey in writing to the Borrower in the English language, or any vernacular language as may be understood by the borrower by way of a sanction letter or otherwise, the amount of limit sanctioned along with all the terms and conditions including the annualized rate of discount/ interest and method of application thereof and keep the acceptance of these

terms and conditions by the borrower on the Company records.

The Company shall 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 loan.

PENAL CHARGES IN LOAN ACCOUNTS

Penalties for non-compliance of material terms and conditions of loan contract by the borrower shall be treated as 'penal charges' which would not be added to the rate of interest charged on the advances.

The penal charges would not be capitalized, and no further interest would be compounded on such penal charges. However, this will not affect the normal procedures for compounding of interest charged

The Company shall not introduce any new components to the interest rate beyond what has been agreed upon in the loan agreement.

The number of penal charges imposed will be reasonable and proportionate to the level of non-compliance with significant terms and conditions of your loan agreement. There will be no discrimination in penal charges within any loan or product category.

Penal charges for loans granted to individual borrowers, for purposes other than business, will not exceed the penal charges imposed on non-individual borrowers for similar breaches of significant terms and conditions.

The Company will clearly disclose the amount and rationale for penal charges to borrowers in the loan agreement, as well as in the most important terms and conditions/Key Fact Statement (KFS). This information will also be prominently displayed on our website under the section on Interest Rates and Service Charges.

Whenever the Company sends reminders regarding non-compliance with significant terms and conditions of borrower's loan, the Company will communicate the details of the penal charges applicable. Additionally, any instance of imposing penal charges and the reasons for doing so will be communicated to the borrower.

DISBURSEMENT OF LOANS (INCLUDING CHANGES IN TERMS AND CONDITIONS)

The Company will ensure timely disbursement of loans as per the agreed terms and conditions.

Any changes in interest rates and charges will be applied prospectively. This will be explicitly highlighted in the loan agreement.

The Company will provide each borrower with a copy of the loan agreement, as understood by them, along with copies of all enclosures referenced in the loan agreement at the time of loan sanction/disbursement.

The Company will notify the borrower in writing, in a language they understand, of any changes in terms and conditions, including the disbursement schedule, interest rates, service charges, prepayment charges, etc.

Any decision to recall or accelerate payment or performance under the agreement will be in accordance with the loan agreement.

All securities pertaining to the loan shall be released on repayment of all dues or on realization of the outstanding amount of loan subject to any legitimate right or line for any other claim the Company 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 the company is entitled to retain the securities till the relevant claim is settled/ paid.

COLLECTION OF DUES

The Company should provide the Customers with all the information regarding their dues and provide a reasonable time for payment of the same.

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 line for any other claim they 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 the Company is entitled to retain the securities till the relevant claim is settled/ paid.

The Company shall, while protecting its interest, adopt reasonable and lawful measures to recover its dues from defaulting Borrowers, including the use of persuasive methods for the purpose of collection of its dues.

The Company shall ensure that the staff is adequately trained to deal with the Customers in an appropriate manner.

INTEREST RATES

To prevent customers from being charged excessive interest rates, the Company has established a Pricing Policy. This policy outlines the interest rate model, which considers the cost of funds, margin, and risk premium, among other factors, to determine the interest rates for loans and advances.

The interest rate, the risk gradation approach, and the rationale for charging different rates to various borrower categories will be disclosed to the borrower or customer in the application form and explicitly communicated in the sanction letter. This information is also available on the Company's website.

The interest rates will be annualized.

The Company will not charge foreclosure fees or pre-payment penalties on all floating rate term loans granted to individual borrowers.

CONFIDENTIALITY

The Company shall respect the privacy of the customers and all the communication with the customers will be in a polite manner.

OTHER GUIDELINES

The Company will refrain from interference in the affairs of its Borrower except for the purposes provided in the terms and conditions of the respective loan agreement (unless new information, not earlier disclosed by the Borrower, which may come to the notice The Company).

In case of receipt of a request from the Borrower for transfer of borrower account, the consent or otherwise i.e. objection of The Company, if any, is generally conveyed to such Borrower within 21 days from the date of receipt of the Borrower's request. Such a transfer will be as per transparent contractual terms in consonance with all the applicable laws.

In the matter of recovery of outstanding dues of its Borrower, The Company does not resort to undue harassment viz. persistently bothering the Borrowers at odd hours, use of muscle power for recovery of loans/dues, etc. Training will be imparted to ensure that staff are adequately trained to deal with customers in an appropriate manner.

The Company does not charge any foreclosure charges/ pre-payment penalties on floating rate term loans, sanctioned for purposes other than business to individual Borrowers with or without co-obliging(s).

GRIEVANCE REDRESSAL MECHANISM

In the present competitive scenario, excellent customer service is an important tool for sustained business growth. Customer complaints are part of business life in any corporate entity.

At Savani Financials Limited, Customer service and satisfaction are our prime focus. We believe that providing prompt and efficient service is essential not only to attract new Customers, but also to retain existing ones. The Company has come up with a lot of initiatives

that are oriented towards providing a better Customer experience and an efficient grievance redressal mechanism with a view to providing enhanced experience to our customers.

To make The Company's redressal mechanism more meaningful and effective, a structured system has been built. This system would ensure that the redressal sought is just and fair and is within the given framework of rules and regulation.

PURPOSE/ KEY COMMITMENTS

The Companies key commitments towards its customers are:

To ensure fair treatment of all Customers.

To resolve grievances and complaints in a timely manner.

To take time to fully understand the Customers' questions and to respond in the most helpful way possible.

To educate Customers about the redressal mechanism and the designated officials to be contacted for resolving issues/ complaints.

Importantly, The Company takes the privacy and dignity of our customers very seriously and always treats its customers fairly and in a courteous manner.

MACHINERY TO HANDLE CUSTOMER COMPLAINTS/GRIEVANCES

The Company shall designate a Grievance Redressal Officer to maintain a record of customer complaints received against the Company, or against any person acting directly or indirectly on behalf of the Company. If a complaint is received in writing from a customer, the Grievance Redressal Officer shall take the complaint on record and maintain the same in a database.

The Grievance Redressal Officer shall endeavor to sort out the matter within 15 (fifteen) days of receipt of a complaint.

In case the complaint requires more time for resolution, the same shall be informed to the customer.

The customer shall be updated at regular intervals regarding the status of the complaint by the Grievance Redressal Officer.

The internal grievance redressal mechanism shall ensure that complaints arising out of the action / misconduct by any functionary within the Company, shall be referred by Grievance Redressal Officer for developing solutions and disposal of the complaint.

In case of any complaints / grievances the customer may contact the Grievance Redressal Officer:

Name: Mr. Darsh Mehta
Address: 602, Samarth Vaibhav Co-op Hsg Society Ltd., Off Link Road, Lokhandwala Complex, Andheri (W), Mumbai 400053
Email ID: secretarial@mantracapital.in
Toll Free Number: (022)694 54100

(i) In case the customer is not satisfied with the response of the Grievance Redressal Officer, or if no response is received within 15 (fifteen) days, the customer may escalate the complaint to the Nodal Officer,

Name: Mr. Darsh Mehta
Address: 602, Samarth Vaibhav Co-op Hsg Society Ltd., Off Link Road, Lokhandwala Complex, Andheri (West), Mumbai 400053
Email ID: secretarial@mantracapital.in
Toll Free Number: (022)694 54100

In case the complaint / dispute is not redressed within a period of one month from the date of the complaint, the customer may appeal to the Officer-in Charge of the Regional Office of DNBS of RBI:

Designation: The Chief General Manager,
Department of Supervision,
Address: Reserve Bank of India, Centre – I, World Trade Centre,
Mumbai – 400005
Phone No: 022 – 22150573
Fax No: 22180157
Email ID: rsgdos@rbi.org.in

RESPONSIBILITIES OF CUSTOMER CARE TEAM

The customer care team is responsible for resolving grievances to the utmost satisfaction of the customers. They must also send an acknowledgment of the grievance, including tentative timelines for resolution.

- (i) If a grievance remains unresolved, the team must inform customers of the alternative avenues available for escalating the issue.
- (ii) If the customer care team manager is unable to address a grievance, they may refer the case to the Grievance Redressal Officer.
- (iii) Once the grievance is resolved, customers must be informed within the defined timelines.

REGULATION OF EXCESSIVE INTEREST CHARGED

The Company has laid down appropriate internal principles and procedures in determining interest rates and processing and other charges. The rate of interest to be charged depends much upon the gradation of the risk of the borrower viz. the financial strength, business, regulatory environment affecting the business, competition of the Borrower etc. The rate of interest and total interest amount to be charged over complete tenure of loan will be communicated so that the Borrower is aware of the exact interest liability that would be charged to the Borrower. It shall also be made available on the website of SFL. The said information published on the website or otherwise shall be updated whenever there is a change in the rates of interest.

The Board has laid out appropriate internal principles and procedures for determining interest rates, processing and other charges.

REVIEW OF THE CODE

The Board shall conduct an annual review of the compliance of the Fair Practice Code and the functioning of the grievance redressal mechanism at various levels of management. The Grievance redressal Officer shall review the compliance of this Code every six months and a consolidated report of such review may be submitted to the Board.