

<b>Policy Title</b>	<b>FAIR PRACTICE POLICY</b>
<b>Version Number</b>	<b>4.0</b>
<b>Owner of the Policy</b>	<b>Compliance Department</b>
<b>New/Renewal</b>	<b>Renewed</b>
<b>Last date of Renewal</b>	<b>25<sup>th</sup> July 2024</b>
<b>Periodicity of Renewal</b>	<b>Annual/or earlier if required</b>
<b>Date of Approval/ Revision by Board</b>	<b>29<sup>th</sup> August 2025</b>

**For Board of Directors  
Sarwadi Finance Pvt Ltd**



**Diksha Shah**  
**(Managing Director & CEO)**

**Registered Office:**

**Sarwadi Finance:** 31, Ganga Jamuna, 28/1, Shakespeare Sarani, Kolkata 700 017 (033) 4021 4300 info@sarwadi.in [www.sarwadi.in](http://www.sarwadi.in)  
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**SARWADI FINANCE PRIVATE LIMITED**

CIN: U67100WB2017PTC235052

## **INTRODUCTION**

Sarwadi Finance Private Limited (SFPL) is a private limited company registered with the Reserve Bank of India (RBI) as an NBFC-MFI. The main mission of SFPL is “Empowering through financial enrichment”, and it seeks to balance and create social impact through its dual objective of Women Empowerment and financial inclusion which will mutually benefit the company and its various stakeholders.

SFPL is present across West Bengal offering financial products to the underserved clients. SFPL's FPC is compliant with different guidelines issued as follows: Reserve Bank of India (RBI) updated the Fair Practices Code for NBFC-MFIs vide RBI master direction no. DNBR.PD.008/03.10.119/2016-17 dated September 01, 2016. It has been further updated vide Master Direction-Reserve Bank of India (Regulatory Framework for Microfinance Loans) Directions, 2022, dated March 14 2022 and by RBI Master Direction-Reserve Bank of India (Non-Banking Financial Company-Scale Based Regulation) Directions, 2023 dated October 19, 2023 and also with Industry Code of Conduct developed by MFIN (Microfinance Institutions Network) and Sa-Dhan.

## **DEFINITIONS**

- **Company:** Refers to Sarwadi Finance Pvt Ltd (SFPL).
- **Customer:** Any individual who interacts with Sarwadi Finance Pvt Ltd (SFPL) in relation to the business and also includes Prospective Customer and previous Customers or clients.
- **Microfinance Loan:** A collateral-free loan provided to a low-income household, defined as a household with an annual income not exceeding ₹3,00,000. This includes all loans provided to a single borrower or a group of borrowers within the same household.
- **Household Income:** The total annual income of a household, including all sources such as salaried income, business profits, agricultural income, and any other regular earnings. This will be used to assess the household's eligibility and repayment capacity.

## **OBJECTIVES OF THE POLICY**

This Code has been drawn aiming to:

- Adopt the best practices followed by entities in the financial and similar service sector while dealing with customers.
- Provide to the customers effective overview of practices followed by the Company in respect of financial facilities and services offered by the Company to its Customers
- Enable customers to take informed decision about the financial facilities and services offered by the Company.
- Promote good, fair, transparent and legally tenable practices by setting

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minimum standards in dealings with customers.

- Enable customers to have better understanding of what they can reasonably expect of the services offered by the Company.
- Foster fair and cordial relationship between the customers and the Company.

**THE FAIR PRACTICES PRINCIPLES AS ADOPTED BY SFPL ARE AS FOLLOWS:**

**A. Application for loans and their processing:**

1. All communication with the customer shall be in english /hindi or in a vernacular language as understood and confirmed by the customer. The Company shall take a confirmation from the customer on the language of communication at the start of the process and preserve the same.
2. At the time of sourcing a loan product, the company would provide necessary information about the, annual interest rates applicable, as also the fees/charges, if any, payable for processing, pre-payment options and charges if any and any other matter which may the interest of the customer, so as to enable the customer to make a meaningful comparison with those of other companies and make an informed decision.
3. The company shall provide acknowledgement for receipt of all loans.
4. All the customers will be informed about the time frame within which loan applications will be disposed while accepting the application.
5. The company shall collect all particulars required for processing the loan application at the time of application. In case any additional information is required, the customer shall be informed told that he/she would be contacted again.
6. The company shall ensure that the procedure for application of loan is not cumbersome and loan disbursements are done as per the pre-determined time structure.
7. The company shall comply with the KYC Guidelines of the RBI.

**B. Loan appraisal and terms/conditions:**

1. The Company will consider all the documents submitted and the information provided, verify the creditworthiness of the customer and evaluate the proposal at its sole discretion and communicate approval loan by issuing a Loan Card.

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2. The Company shall take the lending decision purely on objective commercial considerations based on the Company's credit policy, norms and procedure without any regard to race, caste, creed, religion, color, marital status, or physical disability of the customer.
3. The Company shall convey to the customer the loan sanctioned along with the terms and conditions thereof by way of issuing a loan card. The loan card shall at the least contain amount of loan sanctioned, rate of interest, method of calculation of interest, rate of penal / default interest.
4. If due to any reason, the customer is not eligible for a loan, the company will communicate the same to the customer along with justification.
5. The company shall provide authenticated copies of all the loan documents executed by the customer along with a copy each of all enclosures quoted in the loan documents;

**C. Disbursement of Loan and Post Disbursement:**

1. The disbursement will be done immediately upon compliance of all the terms and conditions of the sanction by the customer.
2. The Company shall frame appropriate internal principles and procedures for determining and ensuring that the interest rates and processing and other charges are not excessive. The Company shall, at the time of disbursal, ensure that the interest rate and processing and other charges on loan and advances are in strict adherence to internal principles and procedures.
3. Any decision to recall /accelerate the investment shall be in consonance with the loan documents executed with the Customer.
4. Once the Borrower has repaid all the amounts due under the definitive agreements and performed all obligations thereunder, the Company shall, within a reasonable time update all the documents to show "No Due".
5. The Company shall not charge foreclosure charges / pre-payment penalties.

**D. Loan Agreement/Loan Card:**

The company has loan agreement as per RBI norms in multiple languages to suit the convenience of the borrowers. The following shall be disclosed in the loan Agreement:

- All other terms and conditions attached to the loan;

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- That the pricing of the loan involves only three components the interest charges, processing charge and the insurance premium.
- There shall be no pre-payment penalty on microfinance loans. Penalty, if any, for delayed payment shall be applied on the overdue amount and not on the entire loan amount.
- Any change in interest rate or any other charge shall be informed to the borrower well in advance and these changes shall be effective only prospectively.

Also, the company shall provide a loan card to the borrower with the following:

- Information which adequately identifies the borrower;
- Simplified factsheet on pricing;
- Effective rate of interest charged
- Fee structure of all non-credit of all non-credit products.
- All other terms and conditions attached to the loan;
- Acknowledgements by the company of all repayments including installments received and the final discharge; and
- Details of the grievance redressal system, including the name and contact number of the nodal officer of the RE.
- All entries in the loan card should be in a language understood by the borrower.

Issuance of non-credit products shall be with full consent of the borrowers and fee structure for such products shall be explicitly communicated to the borrower in the loan card itself.

Any change in terms and conditions like change in interest rate, tenure, charges & fees would be communicated to customer in writing in English / hindi or vernacular language as understood by the Borrower.

#### **E. Loan Repayment and Indebtedness**

**Household Repayment Cap:** The total loan repayment obligations of a household, including all outstanding loans from all lenders (microfinance and others), shall not exceed 50% of the household's monthly income. SFPL has a board-approved policy to ensure this cap is strictly followed during the loan appraisal process.

**Assessment of Household Income:** The field staff of SFPL will be trained to make a comprehensive and verifiable assessment of a household's income and existing debt at the time of loan application to ensure compliance with the repayment cap.

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## F. Pricing and Disclosures

**Board-Approved Pricing Policy:** In addition to the terms and conditions in the loan agreement, SFPL has a separate, board-approved pricing policy for all microfinance loans which ensures that all interest rates and other charges are fair, transparent, and non-usurious.

**Public Display of Interest Rates:** The minimum, maximum, and average interest rates charged on our microfinance loans, along with the fee structure for all products, will be prominently displayed in all our offices, on our company website, and in our literature and pamphlets.

**Consent for Non-Credit Products:** The offering of any non-credit products (e.g., insurance) shall be done only with the full and documented consent of the borrower. The fee structure for such products will be clearly explained and included in the loan card.

## G. Qualifying Assets

**Compliance with Qualifying Assets Criteria:** As an NBFC-MFI, Sarwadi Finance Private Limited will ensure that a minimum of 60% of its total assets (net of intangible assets) are in the nature of "qualifying assets," as defined by the RBI's Master Direction on Scale-Based Regulation, on an ongoing basis. The company will have internal controls and reporting mechanisms to monitor this compliance annually.

## H. General:

(i) Other than for the purposes provided in the terms and conditions of the loan documents, the Company shall not interfere in the day-to-day affairs of the Customer (unless new information, not earlier disclosed by the Customer, has come to the notice of the Company).

(ii) In case of receipt of request from the borrower for transfer of borrowal account, the consent or objection, if any should be conveyed within 21 days from the date of receipt of such request. Any such transfer shall be as per contractual terms entered into with the borrower and in consonance with prevailing laws and rules. It will be made clear to the prospective borrower that the Company shall always have right to assign/novate the loan to any third party.

(iii) The Company shall keep confidential all personal information of customers and customer accounts, whether provided by the customers or otherwise to anyone other than in the following circumstances:

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- Information required to be given under law or as demanded or required by Statutory authorities;
- Information is given with customer's specific written permission;
- If there is a duty towards the public to reveal the information
- To registered Credit Information Companies ('CIC').

#### **I. Guidelines related to recovery of loans:**

The Company has in place a proper mechanism for identification of the borrowers facing repayment related difficulties, engagement with such borrowers and providing them necessary guidance about the recourse available. The following are its guidelines:

- Recovery shall be made at a designated/ central place decided mutually by the borrower and the company. In case of defaulting borrowers the field staff may be permitted to make recovery from the place of residence or work with the prior approval of the seniors.
- The company or its agent shall not engage in any harsh methods towards recovery. Without limiting the general application of the foregoing, following practices shall be deemed as harsh:
  - Use of threatening or abusive language
  - Calling the borrower before 9:00 a.m. and after 6:00 p.m.
  - Harassing relatives, friends, or co-workers of the borrower
  - Publishing the name of borrowers in publicity material or digital marketing without prior permission.
  - Use or threat of violence or other similar means to harm the borrower or borrower's family/ assets/ reputation
  - Misleading the borrower about the extent of the debt or the consequences of non-repayment.

#### **J. Grievance Redressal Mechanism:**

Ref: Details in the Client Grievance Redressal policy

#### **K. Our Key Commitments and Declarations**

The Company shall act efficiently, fairly and diligently in its dealings:

- Meeting the commitments and standards for the financial products and services, we offer, and the procedures and practices our staff follow;
- Ensuring that the company abides by relevant laws and regulations;
- Providing professional, courteous and speedy service;
- Providing accurate and timely disclosure of terms and conditions, costs, rights and liabilities.

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The Company shall help the customer understand the financial products and services by:

- Explaining financial implications of the transactions;
- Assisting the customer to choose the financial product.
- Ensuring that our marketing and promotional material is clear and is not misleading
- Educating them on any penalties levied by breach of commitment.

#### **L. Internal Control System**

The Company ensures necessary organizational arrangements to assign responsibility for compliance to designated individuals within the company and has proper arrangements for internal control including audit and periodic inspection to ensure the same.

#### **M. Training of Staff**

- The Company shall give periodic training to employees and shall also include programs to inculcate appropriate behavior towards customers.
- Field staff shall be trained to make necessary enquiries regarding the income and existing debt of the household.
- Necessary disciplinary action will be initiated against staff who abuses any items under Code of Conduct.

#### **N. Miscellaneous:**

1. Before implementation all the policies are board approved.
2. This Fair Practices Code shall be reviewed and revised annually or as may be deemed fit by the management and report of the same will be submitted to the Board.
3. A copy of the Fair Practice Code will be put up on the website of the Company.



**Diksha Shah**  
(Managing Director & CEO)

**Date: 29.08.2025**

**Place: Kolkata**

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