

FAIR PRACTICE CODE

SINDHUJA MICROCREDIT PRIVATE LIMITED

September 2023



Version 1.4

Revision history

Version	Author	Date of Revision
1.4	Abhisheka Kumar	01.09.2023

This document has been reviewed by

	Reviewer	Date of Review
1	Abhisheka Kumar	01.09.2023
2	Malkit Singh Didyala	01.09.2023
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This document has been approved by Board of Directors in their Board Meeting

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Board of Directors	05.09.2023

FAIR PRACTICE CODE
(ENGLISH VERSION)

SINDHUJA MICROCREDIT PRIVATE LIMITED

September 2023



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Regd. & corporate Office: - Office No. 601 - 607, 6th Floor, Tower A, Noida One, Plot No. 8, Block B, Sector 62, Noida, District : Gautam Budh Nagar, Uttar Pradesh - 201307

CIN: U65990UP2017PTC099006,

FAIR PRACTICE CODE(FPC)

This has reference to RBI circular No- RBI/2015-16/16 DNBR (PD) C.C. No. 054/03.10.119/2015-16, and RBI/DOR/2021-22/89 wherein the Reserve Bank of India (RBI) has revised the guidelines on Fair Practice Code for NBFCs & NBFC-MFIs to implement the same

The FPC, as mentioned below, is in conformity with these guidelines on Fair Practice code for NBFCs as contained in the aforesaid RBI circular. This sets minimum Fair Practice Standards for the Company to follow when dealing with the customers. It provides information to customers and explains how the company is expected to deal with them on a day to day basis.

Application of Code:

This Code applies to the following activities undertaken by company

1. Providing credit services to clients, individually or in groups.
2. Recovery of credit provided to clients.
3. Providing insurance and pension services, remittance services, or any other related products and services.
4. Formation of joint liability groups
5. Business development services including marketing of products or services made or extended by the eligible clients or for any other purpose for the welfare and benefit of clients.

CODE OF CONDUCT

1. INTEGRITY AND ETHICAL BEHAVIOUR

The Company will design appropriate policies and operating guidelines to treat clients and employees with dignity.

The Company will incorporate transparent and professional governance system to ensure that staff and persons acting on their behalf are oriented and trained to put this Code into practice.

2. TRANSPARENCY

- a. The Company will disclose all terms and conditions to the client for all services offered. Disclosure will be made prior to disbursement in accordance with the Reserve Bank of India's (RBI) fair practices code, in any of the following ways: (a) Continuous Group Training, (b) Group recognition Test (c) Loan card/pass book, (d) Loan application Form and (e) through Centre meetings
- b. The Company will communicate all the terms and conditions for all products/services offered to clients in the official regional language or a language understood by them.
- c. The Company shall provide a loan card to the borrower which shall incorporate the following: (i) Information which adequately identifies the borrower; (ii) Simplified factsheet on pricing; (iii) All other terms and conditions attached to the loan; (iv) Acknowledgements by the company of all repayments including instalments received and the final discharge; and (v) Details of the grievance redressal system, including the name and contact number of the nodal officer of the RE(VI) 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.
- d. The Company will follow RBI's guidelines with respect to interest charges and security deposit.
- e. Formal Records of all transaction will be maintained in accordance with all regulatory and statutory norms, and borrower's acknowledgment/acceptance of terms/conditions must form a part of these records.

3. CLIENT PROTECTION

a. Fair Practices

- i. Company will ensure that the provision of micro finance services to eligible clients is as per RBI guidelines.
- ii. Company will obtain copies of relevant documents from clients, as per standard KYC norms. Additional documents sought must be reasonable and necessary for completing the transaction.

b. Avoiding Over-indebtedness

- i. Company will conduct proper due diligence as per its internal credit policy to assess the need and repayment capacity of client before making a loan and will only make loans commensurate with the client's ability to repay.
- ii. Company will not under any circumstance, breach the total debt limit for any client, as prescribed by RBI or Central/State Government(s).

c. Appropriate interaction and collection practices

i. The Company will have clear guidelines for employee's interaction with clients.

The Company will impart training to its staff members to

1. Use courteous language, maintain decorum, and are respectful of cultural sensitivities during all interaction with clients.

2. **Not** indulge in any behaviour that in any manner would suggest any kind of threat or violence.

3. **Not** contact clients at odd hours, as per the RBI guidelines for loan recovery agents.

4. **Not** visit clients at inappropriate occasions such as bereavement, sickness, etc. To collect dues.

ii. The Company will provide a valid receipt for each and every payment received from the borrower.

iii. The Company will not collect shortfalls in collections from employees. An exception can however be made in proven cases of frauds by employees.

d. Privacy of client information

The Company will keep personal client information strictly confidential. Client information may be disclosed to a third-party subject to the following conditions:

Client has been informed about such disclosure and permission has been obtained in writing especially for sharing data with Credit Bureaus and during hypothecation/portfolio sell down/securitization of loans or for any statutory requirement

4. GOVERNANCE

The Company will incorporate a formal governance system that is transparent and professional, and adopt the following best practices of corporate governance:

a. The Company will observe high standards of governance by inducting persons with good and sound reputation as members of Board of Directors.

b. The Company will endeavour to induct independent persons to constitute at least 1/3rd of the Governing Board, and the Board will be actively involved in all policy formulations and other important decisions.

c. The Company will appoint an audit committee of the Board with an independent director as chairperson.

d. The Company will ensure transparency in the maintenance of books of accounts and reporting/presentation and disclosure of financial statements by qualified auditor/s.

e. The Company will place before the Board of Directors, a compliance report indicating the extent of compliance with this Code of Conduct, specifically indicating any deviations and reasons therefore, at the end of every financial year.

5. CONDUCT, RECRUITMENT, TRAINING & SUPERVISION RECRUITMENT

Code of Conduct for employees:

Employees have a range of duties to the company. Some of the more important general duties are:

- to conduct honestly and with integrity in all dealings employees have in the course of their work for the company both within and outside of the company;
- to perform role to the best of their ability;
- to exercise powers and discharge duties with care and diligence, honestly, in good faith, in the best interests of the company and for a proper purpose;
- not to use one's position to gain, or seek to gain, an advantage for yourself or someone else, or to cause, or seek to cause, detriment to the company or another person;
- not to use any information obtained by employees in the course of their work with the company to gain, or seek to gain, an advantage for self or someone else, or to cause, or seek to cause, detriment to the company or another person; and
- to comply with laws that apply to employees and the company as well as the policies and lawful directions of the company

Avoiding conflicts of interest

It is possible that a conflict can arise between personal interests of employees and their duties to the company. This can include situations where employees:

- may have an interest in a transaction with the company;
- have a personal or financial relationship with someone who is dealing with the company;
or
- have a personal relationship with someone employees supervise, including where there are others in the reporting line between him and the person he is in a relationship with.

Employees are required to recognise and properly manage situations which could, or could be seen to, involve a conflict between their interests and their duties to the company. If there is a reasonable basis to believe that such a conflict of interest and duty exists or is perceived to exist, employees must discuss the details of the interest with their Head of Department . In the case of issues relating to personal relationships, employees must discuss the details of the interest with the Head of Human Resources.

Appropriate use of position

employees must always use their position honestly, in good faith and in the interests of the company. Employees must conduct themselves in a manner that does not bring them or the company into disrepute.

employees must always exercise their powers and discharge their duties with care and diligence. This means that when employees make a judgement:

- the judgement is made in good faith and for a proper purpose;
- employees are reasonably informed about the subject matter of the judgement; and
- employees believe on a rational basis that the judgement is in the best interests of the company and, where applicable, the public interest.

Employees must not:

- show any favour towards friends, associates or relatives in their dealings with or on behalf of the company or misuse their position in any other way; or
- receive payment or other benefits for activities outside of the company, which are offered to them as a result of their position in the company.

No bribery or corruption

employees must not engage in any form of bribery or corruption. employees must also take reasonable steps to ensure that any person who reports to them does not engage in any form of bribery or corruption in connection with their employment in the company. This extends both to bribery and corruption of others, and bribery or corruption of employees or any other person this Code applies to.

Bribery is not limited to cash or other payments in return for favours or favourable decisions. It includes offering, giving, promising, asking for or receiving (whether directly or indirectly) anything of value for the purpose of inducing or rewarding a discretionary action or the exercise of influence, regardless of whether the person concerned is from the public or private sector or what country they are in or from. 'Value' can include cash, gifts, hospitality, personal, family, social or educational favours or other financial or non-financial benefits or advantages. Exchanges of gifts or hospitality (including travel and accommodation) may compromise – or appear to compromise and could amount to bribery or corruption.

Some examples of conduct that would amount to bribery or corrupt behaviour include:

- accepting money or another benefit in return for information which employees have as a result of their work for the company;
- receiving a benefit to give preferential treatment in the selection of a suitable candidate or use of a recruitment agency that supplies candidates to the company; or
- paying or offering an amount of money or other benefit to a government official with an intention to influence them in a decision.

Involvement in other employment or business

Employees must not engage in other employment or business activities (including paid or unpaid activities) which are offered to them as a result of their position in the company, or which may create a conflict of interest with, or otherwise impact on, their obligations to the company.

Fair dealings with third parties

employees must act honestly and fairly in all their dealings for and on behalf of the company. Any actual or perceived conflicts of interest should be disclosed to their Head of Department.

Gifts, hospitality and other benefits

In the course of their work in the company, employees must exercise care when giving or receiving gifts, hospitality and other benefits. employees must not:

- give (whether from their own or from company funds) or receive a gift, hospitality or other benefit that may (or may appear to) compromise their judgement in their official capacity at the company, damage relationships with other persons or organizations or indicate favouritism towards a person or group of people;
- accept any personal monetary payment, including in cash, from a third party they deal with in the course of their work with the company; or
- accept any fare or accommodation paid for by a third party, unless they have the prior approval of the Head of the Department

Sindhuja shall:-

i. As a matter of free and fair recruitment practice, permit a policy of no restriction on hiring of staff by us from other MFIs or vice versa by legitimate means in the public domain like general recruitment advertisements in local newspapers, web advertisements, walk-in interviews, etc. Or use of recruitment agencies.

ii. Whenever company recruits from another MFI, it will be mandatory to seek a reference check from the previous employer. The reference check will be sought from current employer only after an offer is made and an offer letter is issued to the prospective employee.

iii. Company shall always respond to the reference check. It will always honour notice period from and outgoing employee. It shall not recruit and employ an employee of another MFI, irrespective of the grade/level of the employee, without the relieving letter from the previous MFI employer. An exception may however be made by use, in instance where the previous employer (MFI) fails to respond to the reference check request within 30 days.

iv. Company shall provide such relieving letter to the outgoing employee in case he/she has given proper notice, handed over the charge and settled all the dues towards the MFI, except in proven cases of fraud or gross misconduct by the employee.

v. Whenever it recruits a staff who was working in another MFI, at level up to the Branch Manager position, the said employee shall not be assigned to the same area he/she was serving at the previous employer, for a period of 1 year.

vi. Company shall be responsible for inappropriate behaviour of its employees or employees of outsourced agents.

Training & Supervision:

Sindhuja shall train the staff in appropriate client behaviour. Some of the areas of training are enumerated below:

1. Interact with the clients in an acceptable language and dignified manner and spare no efforts in fostering client's confidence and long-term relationship.

2. Maintain decency and decorum during the visit to the client's place for collection of dues.
3. Avoid inappropriate occasions such as bereavement in the family or such other calamitous occasions for making calls/visits to collect dues.
4. Avoid any demeanour that would suggest any kind of threat or violence.
5. Ensure recoveries are done normally only at a central designated place called a "Centre" as agreed by the borrowers during the loan origination and indicated in their Group Proposal.
6. Ensure the field staff makes recoveries at the place of residence or work of the borrower only if borrower fails to appear at central designated place on 2 or more successive occasions.
7. Avoid visiting clients at odd hours of day & night; specifically, not visit clients before 9:00 am or after 6:00 pm after keeping in view the rural & urban perspective / local culture.
8. Avoid publishing the name of borrowers
9. Ensure that the staff does not mislead the borrower about the extent of the debt or the consequences of non-repayment
10. Ensure that the staff do not harass relatives, friends, or co-workers of the borrower.
11. Not recover collections from employees unless there is an instance of fraud or misappropriation.
12. The Minimum qualification necessary for the field staff shall be completion of 12th Standard Education, and shall involve functional training (both class-room & on-the job under a supervisor / senior field staff) involving its Standard Operating Procedures (SOP), Product & Credit Policy, the Fair Practices & Code of Conduct apart from other Procedural manuals.
13. Ensure penalties may also be imposed on cases of non-compliance of field staff with the Code of Conduct.
14. The training with respect to appropriate client behaviour shall be made part of induction training and also refresher training.
15. The company shall have full due diligence process in place for engagement of recovery agents which shall cover individuals involved in recovery process. The company shall ensure that the recovery agents engaged by it carry out verification of the antecedents of its employees, which shall include police verification. Company shall also decide the periodicity at which re-verification of antecedents shall be resorted to.

16. To ensure due notice and appropriate authorization, the company shall provide the details of recovery agents to the borrower while initiating the process of recovery. The agent shall also carry a copy of the notice and the authorization letter from the company along with the identity card issued to him by the company or the agency. Further, where the recovery agency is changed by the company during the recovery process, in addition to the company notifying the borrower of the change, the new agent shall carry the notice and the authorization letter along with his identity card. The notice and the authorization letter shall, among other details, also include the contact details of the recovery agency and the Company. The up-to-date details of the recovery agencies engaged by the company shall also be hosted on the RE's website

6. CLIENT EDUCATION

The Company will have a dedicated process to raise clients' awareness of the options, choices and responsibilities vis-a vis financial product and services available.

New clients will be informed about the organization's policies and procedures to help them understand their rights as borrowers.

7. DATA SHARING

The Company agrees to share complete client data with all RBI approved Credit Bureaus, as per the frequency of data submission prescribed by the Credit Bureaus.

8. FEEDBACK/ GRIEVANCE REDRESSAL MECHANISM

Customers who wish to send in complaint/feedback over any issue including recovery related grievances can use the following channels. Timings: 10 am to 5pm (Monday to Friday)

LEVEL 1: Branch Level

- a. Clients can contact Branch Manager at the branch or can call him on his official phone number.
- b. Clients can register their grievance in the grievance register/suggestion box at branch office.

LEVEL 2: Customer Service Help Desk

If the clients don't receive a response from branch office in 3 working days, clients can call our Help Desk Representatives available on the phone to register their complaints.

Toll Free No: 18005728721 (Monday to Friday, 9 AM to 1PM & 2 PM to 5PM)

LEVEL 3: Grievance

Redressal Officer

If clients are not satisfied with the response received from customer service helpdesk or if they don't receive a response from us within 3 working days, clients can E-mail to Grievance Redressal Officer at grievance@sindhujamicrocredit.com or write to us at the below mentioned address.

Grievance Redressal Officer

Sindhujā Microcredit Pvt. Ltd.

Office No. 601 - 607, 6th Floor, Tower A,
Noida One, Plot No. 8, Block B, Sector 62, Noida,
District : Gautam Budh Nagar, Uttar Pradesh - 201307

The Company will ensure to reply within 5 working days.

If the client does not receive response from Company within 5 working days, then Client can contact to MFIN Toll Free No:18001021080.

If the complainant is not satisfied with the response or fails to receive response within stipulated time, she can appeal to officer in Charge of the Regional Office of Department of Non-Banking Supervision of the Reserve Bank of India under whose jurisdiction the registered office of Sindhujā falls. The address of DNBS, RBI is given below:

Deputy General Manager
Reserve Bank of India
Department of Non-Banking Supervision (DNBS)
M.G. Road, P.B.No.82/142, Kanpur-208001
Tel: 0512-230 3277/ 0512-230 6246 (email
id; dnbskanpur@rbi.org.in)