

UNNATTI FINSERV PRIVATE LIMITED (UFPL)

Fair Practice Code (FPC)



UNNATTI FINSERV PRIVATE LIMITED (UFPL)

Fair Practice Code (FPC)

Document Version: 1.0

Date of Version: 01.04.2022

1. Introduction & Objective

This Fair Practices Code is aimed to provide to all the stake holders, especially borrowers effective overview of practices followed by Unnatti Finserv Private Limited (UNNATTI) (Formerly Unnati Microfin Private Limited) ("the Company") in respect of the financial facilities and services offered by the Company to its borrowers. This code seeks to amend and supersede the Fair Practices Code framed by the Company in accordance with the Master Direction - Non- Banking Financial Company Non-Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016, as amended from time to time ("Master Direction").

UNNATTI is registered as a Non-Banking Financial Company under section 45 I A of the Reserve Bank of India (RBI) Act, 1934. As per the registration granted to UNNATTI it is currently classified as a Non-Banking Finance Company that not accept public deposits. UNNATTI is further classified under Non-Banking Financial Company- Investment Credit Company (NBFC-ICC).

2. Objective:

This code has been developed:

- To promote good, fair and trust-worthy practices by setting standards in dealing with borrowers;
- To ensure transparency in the Company's dealings with its borrowers;
- To ensure compliance with legal norms in matters relating to recovery of advances;
- To enable borrowers to have better understanding of what they can reasonably expect of the services offered by the Company;
- To reckon with market forces, through competition and strive to achieve higher operating standards;
- To strengthen mechanisms for redressal of borrower grievances;

3. Application for Loans and their processing:

1. All Loan Application Forms shall contain detailed information relating to the terms and conditions governing the Loan and other relevant information affecting the interest of the borrowers. The Loan Application Form shall also contain the particulars of standard documents to be submitted with the Loan Application Form. However, the Company may, depending on the credit underwriting requirements require other documents from the borrowers, as it may deem fit.
2. The Company explains to the borrowers the contents of various loan documents in the vernacular language and further ensures that the borrower understands the terms and conditions governing the Loan.

3. Wherever applicable, the Company shall follow the system of issuing acknowledgements for receipt of all loan applications. The Company will consider all the documents submitted and the information provided, verify the credit worthiness of the borrower and evaluate the proposal at its sole discretion. The Company shall further endeavour to intimate the status of all loan applications regarding its acceptance or rejection within 45 days of receiving the application along with all necessary documents.
4. The Company shall convey in writing to the borrower in the vernacular language as understood by the borrower by means of sanction letter or otherwise, the amount of loan sanctioned along with the terms and conditions including annualized rate of interest.

4. Loan Appraisal and Terms and Conditions:

1. The Company shall conduct a due diligence on the credit worthiness of the borrower, which will be an important parameter for taking decision on the Loan Application. The assessment would be in line with the Company's credit policy, norms and procedures in respect thereof;
2. The Company shall obtain an acceptance from the borrower on the sanction letter with the borrower signature acknowledging that the borrower(s) accept all the terms and conditions which have been read and understood by them, The Company shall maintain a record of the acceptance.
3. The Company shall furnish a copy of the loan agreement along with a copy each of all enclosures quoted in the loan agreement to all the borrowers at the time of sanction /disbursement of loans.
4. The Company shall mention the penal interest charged for late repayment in bold in the loan agreement.
5. Acceptance of the Sanction Letter by the borrower shall be kept on record.

5. Disbursement of Loans and changes in Terms and Conditions:

1. The Company shall frame appropriate internal principles and procedures for determining and ensuring that the interest rate and processing and other charges are not excessive. The Company shall, at the time of disbursement, ensure that the interest rate and processing and other charges on loans and advances are in strict compliance to the above referred internal principles and procedures.
2. The Company shall keep the borrowers informed in the vernacular language or a language as understood by the borrower, in the event of any modification in terms and conditions, repayment schedule, interest rates, service charges, pre-payment charges, and other changes material to borrower's relation with the Company. Any changes in interest rates and charges shall be effective prospectively only. A condition in this regard should be incorporated in the sanction letter.

6. Recall of Loan:

Any decision pertaining to recall of loan or acceleration of repayment or seeking of any additional securities shall be taken strictly in accordance with the relevant provisions in the respective agreement with the borrower and amendments made thereto.

7. Release of Securities:

1. 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 claims, Company may have against the borrowers. 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 Company is entitled to retain the securities till the relevant claim is settled/paid.
2. The Company shall ensure that the charge over any security provided by the borrower is relinquished upon the happening of any of the following events, subject to any legitimate right or lien for any other claim against the borrower:
 - a. payment of all dues by the borrower;
 - b. transfer of account and consequent settlement of all dues;
 - c. closure of the loan file in due course following settlement as per agreement. In the event any other right or lien exists, the borrower shall be notified about the same with full particulars thereof.

8. General Clauses:

A. Non-Interference:

- I. Company or any of the employee of the Company shall not interfere in the affairs of the borrower except as provided under the circumstances mentioned in the agreement.
- II. If any new information or findings not previously disclosed by the borrower comes to the notice of Company, the above restriction shall not apply.

B. Transfer of Account

Whenever a request for transfer of loan account is received from a borrower, Company shall respond to the same within 21 days of receipt of request. Acceptance or refusal thereof shall be in accordance with terms of the agreement. Such transfer shall be as per transparent contractual terms in consonance with law.

C. Recovery Process

If any recovery proceedings need to be initiated, these shall be conducted in accordance with the rights provided under the agreement and in accordance with legally accepted norms. The Company trains its staff adequately to deal with the borrowers in an appropriate manner. The Company does not resort to coercive measures (like persistently bothering at odd hours, use of muscle power, rude behaviour or harassment from any of the staff of the Company) for recovery of loan.

D. Foreclosure charges/ Pre-payment penalties on floating rate term loans

As a measure of borrower protection and also in order to bring in uniformity with regard to prepayment of various loans by borrowers of the Company, Company shall not charge foreclosure charges/ pre-payment penalties on all floating rate term loans sanctioned to individual borrowers.

9. Repossession of Security

- i. The Company has the right to take possession of the Asset by giving 30 days' notice to the Borrower to clear the dues or to hand over possession of the Asset. Such notice need not be given in the following circumstances:
 - a. when the Borrower agrees for waiver of such notice;
 - b. when the Borrower has expressed his willingness to surrender the possession of the Asset voluntarily;
 - c. when there is reasonable apprehension to the Company or its officers/agents that such notice may defeat the taking of possession of the Asset due to any foul play or forcible resistance from the part of the Borrower/Guarantor(s) when the Asset remains abandoned by the Borrower for any reason;
 - d. when the Borrower ceases to exist;
 - e. when the Borrower has absconded with a view to prevent the recovery of the dues from him;
 - f. for any other similar reasons so as to facilitate peaceful taking possession of the Asset by the Company;
 - g. on such other conditions as mentioned in the loan agreement executed between the Company and the borrower;
- ii. The procedure for taking possession of the Asset includes:
 - a. when the Borrower fails to follow the demand made in the above referred notice, the Company may approach appropriate forum for an order enabling it to take possession of the Asset by suitable ways either by way of a commissioner or receiver;
 - b. by asking the borrower personally to surrender the vehicle at a place convenient to the Company;

- c. by compelling the Borrower to hand over possession through the authorities so as to prevent the use of the Asset by the Borrower:
- iii. The above two clauses (i and ii) are not applicable to the cases wherein the Borrower surrenders the Asset voluntarily.
 - iv. Provision regarding final chance to be given to the borrower for repayment of the loan before the sale / auction of the property. The Company is entitled to transfer in any form like sale, rental and conversion for own use etc. the Asset, the possession of which is obtained in any of the ways stated above or otherwise, in connection with the default, in the way convenient to the Company and appropriate the proceeds thereof towards repayment/ dues from the Borrower, when the Borrower and Guarantor fails to follow the notice for repayment of the dues within 7 days in any of the modes of service of such notice at the convenience of the Company, as a final chance to avoid the transfer under this clause. This right to transfer does not take away the sole discretion of the Company to return the possession of the Asset in appropriate cases.
 - v. If such sale proceeds are insufficient to discharge the entire dues, the Company shall move further against the Borrower and/or the Guarantor and if the sale proceeds exceeds the due, the balance shall be paid to the Borrower when he claims it. However, the above entitlement is no bar for the Company to proceed against the Borrower and/or Guarantor directly, sparing the proceedings against the security.
 - vi. The Company is entitled to recover from the Borrower all types of expenses on full indemnity basis, incurred by or on behalf of the Company in ascertaining the where about of the Asset, taking possession, garaging, insuring, transporting and selling the Asset and also for other legal steps in connection with the loan.

10. Responsibility of Board of Directors:

The Board of Directors or the Committee thereof of Company shall lay down appropriate grievance redressal mechanism within the organization. Such a mechanism should ensure that all disputes arising out of the decisions of Company's functionaries are heard and disposed of at least at the next higher level. The Board of Directors either through itself or by through any Committee thereof shall also provide for 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 may be submitted to the Board at regular intervals, as may be appropriate.

11. Grievance Redressal:

It shall be the endeavor of the Company to improve the quality of service and redress complaints and grievances, if any, of the borrowers as part of Grievance Redressal Mechanism.

12. Complaint and Grievance Redressal Mechanism

UNNATTI 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 Board of Directors will periodically review the compliances of fair practice code and functioning of grievance redressal mechanism at various levels of management to ensure that all disputes arising out of the decisions of lending institutions functionaries are heard and disposed of at least at the next higher level. 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 UNNATTI's

Official Channel 2: UNNATTI's Helpline number

Channel 3: RBI telephone number

The details of each channel are as follows:

Channel 1: Physical receipt of the complaint by the UNNATTI's officials At Branch Level, Customer can approach the UNNATTI's officials on either their official mobile number, or they can register their complaint in Feedback cum Complaint Register at the Branch office.

Every Branch should have the following:

- Feedback cum Complaint Register
- Display of the name, address and details of Helpline number
- Display of the name, address and details of MFIN 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.

Unnatti has put in a robust mechanism to handle these complaints. Unnatti 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: UNNATTI's Helpline Number

At Head Office Level, customer can directly approach to Customer Grievance Cell, where Unnatti has a dedicated helpline Number (+919619443355) 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 Executive in case she has any complaint. Executive will seek the information from the customer and visa -vis the customers have to disclose the details to the Executive which are as presented in the table.

Name of The State, Branch Name and Village/Area Name
Applicant Name/ Co-applicant Name
Group ID; Customer ID
Contact Details of the complainant
Details of the complaint
Other details as may be required by the Executive

Upon the receipt of the calls, Executive registers the complaint based on the criticality that is complaint, service request and queries and speaks to the relevant UNNATTI's officials to validate the complaint raised by the customer. If Executive finds that the complaint is genuine and needs to be addressed immediately, then EXECUTIVE mobilize immediate support and ensures timely redressal of the complaint with the help of UNNATTI's officials. In case of third-party product, the 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.

The details of this channel are as follows:

Helpline Number: - +919619443355

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

UNNATTI has committed to the SRO guideline on CGRM. Therefore, UNNATTI 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 MFIN regulations from time to time.

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.

UNNATTI 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.

Customer Grievance Redressal team maintains a call log / control sheet of all the calls received on the helpline number in MS excel, where all the details of the query / complaint are 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 UNNATTI 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 helpline number, customer may use the below mentioned

Platforms: Write (to us at the below mentioned address):

Officer 1:

Mr. Ankur Pawar
Grievance Redressal Officer
2302, G Square Business Park, Sec-30,
Vashi, Navi Mumbai 400705
Mobile No: +91- 96574 65704
Email: ankur@unnatimfi.com

Officer 2:

Mr. Vinod Jadhav
Grievance Redressal Officer
2302, G Square Business Park, Sec-30,
Vashi, Navi Mumbai 400705
Mobile No: +91- 87799 71775
Email: vinodjadhav@unnattifinserv.com

Channel 3: 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 Non-Banking Supervision of RBI under whose jurisdiction the registered office of UNNATTI falls. The details of DNBS is as given below:

Officer-in-Charge, Regional Office,
Reserve Bank of India, Post Box No.4528,
Bombay Central Post Office, Opp: Bombay Central Rly.Stn,
Byculla, Mumbai-400 008.
Contact No. : 022- 23084121,
Fax No. : 022 – 23099122.
Email : bomumbai@rbi.org.in

Complaints that are received at our end will be seen in the right perspective and would be analysed from all possible angles. The communication regarding UNNATTI'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

UNNATTI 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 endeavour 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, UNNATTI will endeavor to send an acknowledgement/response within a week. Once the matter is examined, UNNATTI 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 UNNATTI 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 UNNATTI in handling complaints/ grievances of the customer which includes introduction of new grievance channels, if any

III. Interest Rates and Gradation of Risk:

Company has adopted following practice to comply with THE RBI CIRCULAR DNBS. 204 /CGM (ASR)-2009 dated January 2, 2009 and vide its Guidelines on Fair Practice

Code for NBFCS DNBS.CCPD.No.266/03.10.01/2011-12 dated March 26, 2012 and subsequently DNBS (PD) CC No.388/03.10.042/2014-15 dated July 01, 2014. Aim of adopting these practices is to communicate the annualized rate of interest to the borrower along with the approach for gradation of risk and rationale for charging different rates of interest to different categories of borrowers to have a transparent trade with borrowers and also to comply with the regulatory guidelines.

A. Interest Rate

Appropriate internal principles and procedures in determining interest rates and processing and other charges shall be followed in line with the approved Company policies from time to time. The rate of interest arrived shall be based on the weighted average cost of funds, administrative costs, risk premium and profit margin.

B. Gradation of Risk

The decision to give a loan and the interest rate applicable to each loan account shall be assessed on a case to case basis, based on multiple parameters such as the type of asset being financed, borrower profile and repayment capacity, borrower's other financial commitments, past repayment track record if any, the security for the loan as represented by the underlying assets, loan to value ratio, mode of payment, tenure of the loan, geography (location) of the borrower, end use of the asset etc.

The rates of interest are subject to change as the situation warrants and are subject to the discretion of the management on a case to case basis.

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

The Company shall disclose the interest rates and gradation of risks on its website.

13. Implementation

The Managing Director and Principal Officer of the Company shall oversee the implementation of the code and shall review its functioning periodically.