

SARASWATI COMMERCIAL (INDIA) LIMITED

CIN: L51909MH1983PLC166605

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Fair Practice Code

**PURSUANT TO MASTER DIRECTION- NON-BANKING FINANCIAL COMPANY- SYSTEMICALLY
IMPORTANT NON-DEPOSIT TAKING COMPANY AND DEPOSIT TAKING COMPANY (RESERVE BANK)
DIRECTIONS, 2016**

(Effective from 12.08.2015)

(Reviewed On 30.01.2019)

(Reviewed On 11.11.2022)

➤ **INTRODUCTION**

Saraswati Commercial (India) Limited (“Saraswati”) a systemically non deposit taking Non Banking Finance Company (NBFC-ND-SI) registered with Reserve Bank of India (the Bank).

Saraswati is an Investment NBFC but it also has small lending business, which includes Loans to its group Companies & parties outside the group. In compliance with Fair Practice Code (FPC) guidelines issued by the Bank vide its circular no. DNBS (PD) CC No.054/03.10.119/2015-2016 dated July 01, 2015 , the Board of Directors (Board) of Saraswati in its meeting held on August 12, 2015 has approved and adopted the New Fair Practice Code (FPC) which is reviewed by the Board periodically.

The Code covers the general principles on adequate disclosures on the terms and conditions of the loan and the procedures to be followed when dealing with the borrowers.

This FPC is divided into two categories;

- a) Loan to the group Companies –Inter Corporate Loans
- b) Loan to the entities outside the group – Corporate Lending

(*It shall have meaning as provided in Chapter II of Section 3 (vi) of the Master Direction DNBR.PD.008/03.10.119/2016-17 dated 01.09.2016.)

- The Company will not engage in any type of retail lending.

This FPC deals with promoting (a) good and fair business practices and (b) a fair and cordial relationship between borrowers / customers.

➤ **SCOPE AND IMPORTANCE:**

- The Reserve Bank of India considered it necessary in the public interest and to prevent the affairs of any Systemically Important Non-Deposit taking Non-Banking Financial Company (NBFC-ND-SI) and Deposit taking Non-Banking Financial Company (NBFC-D) from being conducted in manner detrimental to the interest of investor and depositors or in any manner detrimental to the interest of NBFCs, RBI has issued Non-Banking Financial Company- Systemically important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016.

- With a view to setting out fair practices in a transparent manner and in compliance with the Reserve Bank Circular referred above, Company has framed the following guidelines as its Fair Practices Code.
- This Code deals with promoting good and fair business practices and fair cordial relationship between Company and borrowers/ customers.
- This Code has been developed to promote a fair and cordial relationship between the customers and the Company.

➤ **FAIR PRACTICES CODE**

Fair Practices Code can be divided into following categories:

1. Loan to Group Companies :

- i. Applications for Loans and their processing
- ii. Loan appraisal and terms/conditions
- iii. Disbursement of Loans including changes in terms and Conditions
- iv. Interest charges and excessive interest policy

2. Loan to the Entities Outside the Group :

- i. Applications for Loans and their processing (For Group and Entities outside the Group)
- ii. Loan appraisal and terms/conditions
- iii. Disbursement of Loans including changes in terms and Conditions
- iv. Interest charges and excessive interest policy

3. General Conditions

4. Responsibility of Board Of Directors

5. Confidentiality

6. Grievance Redressal Mechanism

7. Ombudsman for NBFC's

8. Repossession of Vehicles Financed by Applicable NBFC's

9. Lending Against Collateral of Gold Jewellery

10. Digital Lending

11. Force Majeure

1. LOAN TO THE GROUP COMPANIES:-

i. Applications for Loans and their processing

The Company is in the business of investing and lending and offers various products in corporate lending (excluding retail lending). As Saraswati provides revolving loan facility to its group companies, Saraswati will enter into an agreement with all those Group Companies.

All communications to the Group Companies shall be in English and/or in the language as understood by Group Companies. As GCFL will be entering into loan agreement with Group Companies, request letter and acceptance letter will be issued / accepted for each transaction other than acknowledgement receipt's and application forms

ii. Loan appraisal and terms / conditions

The Loan to the group Companies are interest bearing and repayable on demand. Interest on Loan will be decided mutually by the parties at the time of disbursement of Loan as per terms of Revolving Loan facility Agreement.

iii. Disbursement of loans including changes in terms and conditions

Basic Purpose Company's funding to Group Companies is to support its group Companies to strengthen their business. Company gives loan to its group Company on their request and after proper authorization based on availability of funds with the company.

iv. Regulation of Interest charged

Interest on Loan will be decided mutually by the parties at the time of disbursement of Loan as per terms of Revolving Loan facility Agreement & considering the cost of funding of Saraswati.

2. LOAN TO THE ENTITIES OUTSIDE GROUP:-

i. Applications for Loans and their processing

The Company shall communicate to its borrower in English language however if the borrower is not able to understand the English language, the Company shall communicate either in Hindi or vernacular language whichever is the convenient to the borrower.

The Loan application forms shall include all necessary information which affects the interest of the borrower, so that a meaningful comparison with the terms and conditions offered by other Non Banking Financials Companies can be made and informed decision can be taken by the borrower.

The loan application may also indicate the documents to be submitted with the application form.

The Company shall provide acknowledgement for receipt of all loan applications and an indicative time frame within which loan application will be disposed off will be mentioned in such acknowledgement.

ii. Loan appraisal and terms / conditions

The Company shall convey in writing in English as it is understood by all customers by means of Sanction letter or Term sheet or any other form of written communication key terms and conditions of the proposed exposure including:

- the amount of loan sanctioned along with the terms and conditions including annualized rate of interest,
- details of the default interest / penal interest rates and the charges payable by the customers in relation to their loan account
- acceptance of terms and conditions governing the credit given by Saraswati.
- terms of enforcement of security
- all other information which is relevant from the point of view of the loan to be provided and all the parties involved.
- wherever possible, reasons for rejection of loan would be conveyed to the customers.

Saraswati shall furnish a copy of the loan agreement in English as understood by the borrower along with copy of all relevant enclosures quoted in the loan agreement to all the borrowers at the time of sanction/disbursement of the loan and shall be duly approved by the customer and countersigned by the authorized officials of Saraswati.

iii. Disbursement of loans including changes in terms and conditions

The Company shall convey in English or in such language as understood by the borrower any change in the terms and conditions including disbursement schedule, interest rates, service charges, prepayment charges etc. The Company shall also ensure that changes in interest rates and charges are effected only prospectively. The loan agreement shall contain a specific clause to this effect.

Decision to recall / accelerate payment or performance under the agreement shall be in consonance with the terms and conditions.

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 that the Company 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 the Company is entitled to retain the securities till the relevant claim is settled/paid.

Saraswati 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 DMI may have against borrower.

All communication like acceptances (including for amendments or addendum) with the Customer in relation to the sanction / facilities / loan / mandate / proposals shall be in writing and preserved for a minimum period of ten years.

iv. Regulation of Interest charged

Saraswati will charge such annualized interest rate based on factors like cost of fund, margin, security, risk and customer history etc.

3. GENERAL CONDITIONS

The Company shall refrain from interference 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.)

Saraswati will not discriminate on the grounds of gender, caste or religion in its lending policy and activity.

In case of request for transfer of borrower's account, the Company's consent or otherwise shall be conveyed within 21 days of the receipt of the request. Such transfer shall be as per transparent contractual terms in consonance with applicable laws.

In the matter of recovery of loans, the Company shall resort only to remedies which are legally and legitimately available to without undue harassment.

All Terms and conditions will be fair and will set the customer's rights and responsibilities clearly. The Company will use legal or technical language only wherever necessary.

4. RESPONSIBILITY OF BOARD OF DIRECTORS TOWARDS AN EFFECTIVE GRIEVANCE REDRESSAL MECHANISM

The Board of Directors of Saraswati will also lay down an appropriate grievance redressal mechanism within the organization. Such a mechanism shall ensure that all disputes arising out of the decisions of its functionaries are heard and disposed of at least at the next higher level.

5. CONFIDENTIALITY

All the borrower's personal information shall be treated as private and confidential.

The Company will not reveal transaction details to any other entity including within the Group other than the following exceptional cases

- The Company has to provide the information by statutory or regulatory laws to Law enforcement agencies, Credit Information Bureau, RBI, other banks and financial institutions and any other state, central or other regulatory body
- If there is duty to the public to reveal this information

If Company have taken the customers permission (for instances at the time of Loan sanctioning) to provide such information to its Group /Associate /entities or Companies for providing other product or services.

6. GRIEVANCE REDRESSAL MECHANISM AND NODAL OFFICER

- The implementation of the Fair Practice Code shall be the responsibility of the Company. The Company shall make every effort to ensure that its dealing with borrowers / customers is smooth and hassle free. Any complaint brought to the notice of the Company by a borrower / customer will be handled expeditiously.
- In case of any complaints/grievance, the customer should either make a written complaint addressed to Grievance Redressal Officer at the registered office of the Company during the office hours (10: 00 a.m. to 06:00 p.m.) or email the Company at ritesh.zaveri@gcvl.in with -

Brief Summary of Complaint

Complete contact address/phone number of the complainant

The Grievance Redressal Officer will strive to provide an initial response to the customer's complaint within 7 days of the complaint being lodged.

- Following are the details of Grievance Redressal Officer who is responsible to resolve the complaints of customers against the Company:
 - i. Name: Ritesh Vijay Zaveri
 - ii. Telephone no/ Mobile No: 022 40198622
 - iii. E-mail address: ritesh.zaveri@gcvl.in
- If the complaint / dispute is not redressed within a period of 15 days, the customer may appeal to the Officer-in-Charge of the Regional Office of DNBS of RBI (with complete contact details), under whose jurisdiction the registered office of the applicable NBFC falls.
- The Board of Directors shall periodically review the compliance of the Fair Practices Code and the functioning of the grievances redressal mechanism. A report of such reviews may be submitted to the Board at regular intervals, as may be prescribed by it.

7. OMBUDSMAN FOR NBFC'S

As per RBI's notification Ref.CEPD.PRS.No.3590/13.01.004/2017-18 dated February 23, 2018 and Notification No. RBI/2017-18/133 DNBR. PD. CC. No 091/03.10.001/2017-18 dated February 23, 2018 and as per latest RBI notifications CEPD. PRD. No.S873/13.01.001/2021-22 dated November 12, 2021 and CO.CEPD.PRS.No.S874/13-01-008/2021-2022 dated November 15, 2021 Saraswati does not fall under the category of NBFC to adopt integrated Ombudsman Scheme, 2021 and thus appointment of Internal Ombudsman is not required.

8. REPOSSESSION OF VEHICLES FINANCED BY APPLICABLE NBFC'S

As Saraswati is not into the line of financing vehicles the Company is not thus not required to have a defined set of code for this category of financing.

9. LENDING AGAINST COLLATERAL OF GOLD JEWELLERY

As Saraswati is not into the line of category of lending against collateral of gold jewellery the Company is not thus not required to have a defined set of code for this category of financing.

10. DIGITAL LENDING

The RBI vide its Notification No. RBI/2019- 20/258 DOR (NBFC) (PD) CC. No.112/03.10.001/2019-20 dated June 24, 2020 had issued directions for sourcing of loans over Digital Lending Platforms (Digital Lending) however as Saraswati is not engaged in any type of Fin-tech / Digital lending it is not required to have a defined set of code for this category of financing.

- **Periodic review**

The Company shall review and refine this FPC as may be required from time to time based on its own experience and fresh guidelines, if any, issued by the Bank in this regard.

11. FORCE MAJEURE

The various commitments outlined and made by the Company are applicable under the normal operating environment. In the event of Force Majeure, the Company will not be able to fulfill the commitments under FPC to the entire satisfaction.

(Director)