



SAHARA HOUSINGFINA CORPORATION LIMITED
(CIN No.L18100WB1991PLC099782)

POLICY ON FAIR PRACTICES CODE (FPC)

The above Code has been adopted by the Company as a Policy in accordance with the regulations/directions issued in public interest by the Reserve Bank of India and aptly covered in **“Chapter XIII: Fair Practice Code of the Master Direction - Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021** notified vide RBI/2020-21/73 DOR.FIN.HFC.CC.No.120/03.10.136/2020-21 dated 17/02/2021” (*hereinafter referred to as “RBI-HFC Directions, 2021.”*)

This **“Fair Practices Code (FPC)”** primarily defines the practices/standards to be abided by the Company while dealing/building relationships with prospective/existing customers/borrowers, and has been framed in line with *RBI-HFC Directions, 2021* (including amendments from time to time). It’s sole intent is to inculcate the best of corporate practices in all the activities undertaken by the Company in the normal course of business especially while dealing with its customers/borrowers.

Until now, **SAHARA HOUSINGFINA CORPORATION LIMITED (SHCL)** had a “Fair Practice Code” in place that was prepared, adopted and implemented in accordance with the erstwhile regulatory guidelines of National Housing Bank (NHB) set in its Master Circular – The Housing Finance Companies (NHB) Directions, 2010.

With the supersession of the Master Circular – The Housing Finance Companies (NHB) Directions, 2010 with *RBI-HFC Directions, 2021*, the above Code (amongst others) have to be reviewed (so as to comply with the current regulatory guidelines), and approved (by its Board of Directors) and implemented afresh. Having said so, the basic essence of the FPC remains to assist both the Company and its customer(s) and promote good and fair practices and increase transparency.

1. APPLICATION OF THE CODE:

Upon approval of the Board of Directors of the Company, this Code shall apply to all the products and services provided by SHCL across the counter i.e. Corporate Office, Region Offices, Branch Officers and Satellite Offices (if any) and over the phone, by post, through interactive electronic devices, on the internet or by any other method of services that may be introduced/offered by the Company in the coming days. It is needless to mention that the Code shall also be applicable to all the authorized functionaries of SHCL including Direct Selling Agents (DSAs), who are engaged for the purpose of sales and marketing of the Company’s products and schemes.

2. APPLICATION FOR LOANS AND THEIR PROCESSING:

- 2.1 All communications addressed to the borrower/s shall be in vernacular language or a language understood by the borrower/s.
- 2.2 The Company shall transparently disclose to the borrower/s all information about fees/charges payable for processing the loan application, the amount of fees refundable in case the loan amount is not sanctioned/ disbursed, pre-payment options and charges, if any, penal interest/ penalty for delayed repayment, if any, conversion charges for switching loan from fixed to floating rates or vice-versa, existence of any interest reset clause and any other matter which affects the interest of the borrower. In other words, the Company must disclose ‘all in cost’ inclusive

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of all charges involved in processing/sanctioning of loan application in a transparent manner. It shall also be ensured that such charges/fees are non-discriminatory.

- 2.3 Loan Application Forms (LAF) shall include necessary information which affects the interest of the borrower/s, so that a meaningful comparison with the terms and conditions offered by other Housing Finance Companies (HFCs) can be made and an informed decision can be taken by the borrower/s. The LAF shall also indicate the list of documents required to be submitted with the LAF at the time of applying for a loan.
- 2.4 The company shall devise a system of giving acknowledgement for receipt of all applications for loan. The acknowledgement given shall preferably mention the time frame within which the loan application will be disposed.

3. LOAN APPRAISAL, TERMS / CONDITIONS AND COMMUNICATION OF REJECTION OF LOAN APPLICATION:

- 3.1 All particulars/documents that are normally required for processing the loan application shall be collected by the Company at the time of application. In case it needs any additional information/documents, the customer shall be communicated / contacted immediately and the customer shall be accordingly told of this at the time of application.
- 3.2 The Company shall convey in writing to the borrower/s in the vernacular language or a language as understood by the borrower by means of sanction letter or otherwise, the amount of loan sanctioned along with all terms and conditions including annualized rate of interest, method of application, EMI Structure, prepayment charges, penal interest (if any) and keep the written acceptance of these terms and conditions by the borrower/s in its record.
- 3.3 The Company shall mention the penal interest charged for late repayment in bold in the Loan Agreement.
- 3.4 The Company shall invariably furnish a copy of the Loan Agreement along with a copy of each of the enclosures quoted in the Loan Agreement to the borrower at the time of sanction/disbursement of loans, against proper acknowledgement by the borrower/s.
- 3.5 If the Company cannot provide loan to a customer who has submitted an application for loan, it shall be promptly communicated to the customer/s in writing along-with the reason(s) for rejection.

4. DISBURSEMENT OF LOANS INCLUDING CHANGES IN TERMS AND CONDITIONS:

- 4.1 Disbursement shall be made in accordance with the disbursement schedule given in the Loan Agreement / Sanction Letter.
- 4.2 The Company shall give notice to the borrower in the vernacular language or a language as understood by the borrower/s of any change in the terms and conditions including disbursement schedule, interest rates, penal interest (if any), service charges, prepayment charges, other applicable fee / charges etc. The Company shall also ensure that changes in interest rates and charges are affected only prospectively and a suitable condition in this regard shall be incorporated in the Loan Agreement.
- 4.3 If such change is to the disadvantage of the borrowers/customers, he/she/they may within 60 (sixty) days and without notice, close his/ her/

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- their Loan Account or switch it without having to pay any extra charges or interest.
- 4.4 Decision to recall/accelerate payment or performance under the agreement or seeking additional securities shall be in consonance with the Loan Agreement.
- 4.5 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/s. If such right of set off is to be exercised, the borrower/s 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.

5. RESPONSIBILITIES OF BOARD OF DIRECTORS:

- 5.1 The Board of Directors of the Company shall lay down the appropriate Grievance Redressal Mechanism (GRM), applicable within the Company to resolve complaints and grievances received from its customers/borrowers. The GRM shall ensure that all disputes arising out of the decisions of the Company's authorized functionaries are heard and disposed of at least at the next higher level.
- 5.2 The Board of Directors of the Company shall provide for periodical review of the Compliance of the Fair Practices Code and the functioning of the GRM at various levels of management. In the current level of activities and dynamics of the Company **such periodical review by way of a consolidated report shall be placed before the Board two times in a financial year at intervals of six months, i.e. a report for "April to September" (6 months) and another for "October to March" (6 months) to be generally placed in the immediately succeeding meeting of the Board, for its information, review and comments (if any).**

6. COMPLAINTS AND GRIEVANCE REDRESSAL:

- 6.1 The company shall have a system and a procedure for receiving, registering and disposing of complaints and grievances in each of its offices, including those received on-line. Complaint Register shall be available at all operating branches of the Company.
- 6.2 If a complaint has been received in writing from a customer/borrower, the Company shall endeavor to send him/her an acknowledgement/response within a week. The acknowledgement should contain the name and designation of the official who will deal with the grievance. If the complaint is relayed over phone at Company's designated telephone helpdesk or customer service number, the customer/borrower shall be provided with a complaint reference number and be kept informed of the progress within a reasonable period of time.
- 6.3 After examining the matter, the Company shall send the customer/borrower its final response or explain why it needs more time to respond and shall endeavor to do so within six weeks of receipt of a complaint and he/she shall be informed how to take his/her complaint further if he/she are still not satisfied with the response/feedback.
- 6.4 The Company shall publicize its Grievance Redressal procedure (e-mail id and other contact details at which the complaints can be lodged,

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turnaround time for resolving the issue, matrix for escalation, etc.) for lodging the complaints by the aggrieved borrower and ensure specifically that it is made available on its website. The Company shall clearly display in all its offices/branches and on the website that in case the complainant does not receive response from the Company within a period of one month or is dissatisfied with the response received, the complainant may approach the Complaint Redressal Cell (CRC) of National Housing Bank by lodging its complaints online on the website of NHB at <https://grids.nhbonline.org.in/> and/or <https://pgportal.gov.in/> or through post to National Housing Bank, Department of Supervisions (Compliant Redressal Cell), 4th Floor, Core 5A, India Habitat Centre, Lodhi Road, New Delhi – 110 003.

7. LANGUAGE AND MODE OF COMMUNICATING FAIR PRACTICES CODE (FPC):

The FPC outlined hereinabove in consonance with the *RBI-HFC Directions, 2021* is approved by the Boards of Directors of the Company in their meeting held on 13/08/2021. Further, the Company holds the right and freedom to redraft the FPC Code so as to enhance its scope (in line with the directions of the regulator) but in no way it shall sacrifice the spirit underlying the above Code. The same shall be put up on the website of the Company i.e. www.saharahousingfina.com for the information of various stakeholders.

8. REGULATIONS OF EXCESSIVE INTEREST CHARGED BY COMPANY:

- 8.1 The Company through its Board shall adopt an interest rate model taking into account relevant factors such as cost of funds, margin and risk premium and determine the rate of interest to be charged for loans and advances. The rate of interest and the approach for gradation of risk and rationale for charging different rate of interest to different categories of borrowers shall be disclosed to the borrower or customer in the Application Form and communicated explicitly in the sanction letter. The Board of the company shall clearly lay down a policy for penal interest/charges (if any).
- 8.2 The rates of interest and the approach for gradation of risks, and penal interest (if any) shall also be made available on the website of the Company. The information uploaded on the website shall be updated whenever there is a change in the rates of interest.
- 8.3 The rate of interest and penal interest (if any) must be annualized rate so that the borrower is aware of the exact rates that would be charged to the account.
- 8.4 Installments (EMI/PEMI) collected from borrower/s shall clearly indicate the bifurcation between interest and principal.

9. EXCESSIVE INTEREST CHARGED BY THE COMPANY (IF ANY):

The Company shall lay out appropriate internal principles and procedures in determining interest rates and processing and other charges (including penal interest, if any). In this regard the directions in the FPC about transparency in respect of terms and conditions of the loans are to be kept in view. The Company will put in place an internal mechanism to monitor the process and the operations so as to ensure adequate transparency in communications with the borrowers.

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10. ADVERTISING, MARKETING AND SALES:

The Company shall;

- 10.1 Ensure that all advertising and promotional material is clear, and factual.
- 10.2 In any advertising in any media and promotional literature that draws attention to a service or product and includes a reference to an interest rate, the Company shall also indicate whether other fees and charges will apply and that full details of the relevant terms and conditions are available on request or on its website, www.saharahousingfina.com.
- 10.3 The Company shall provide information on interest rates, common fees and charges (including penal interest, if any) through putting up notices in their branches, through telephone or help-lines, on the company's website, through designated staff/help desk, or providing service guide/tariff schedule.
- 10.4 If the Company avails the services of third parties for providing support services, the Company shall ensure that such third parties handling the customer's personal information (if any available to such third parties) with the same degree of confidentiality and security as the Company is required to.
- 10.5 The Company may, from time to time, communicate to the customers/borrowers various features of their products availed by them. Information about their other products or promotional offers in respect of products / services, would be conveyed to the customers/borrowers only if he/she has given his/her consent to receive such information/service either by mail or by registering for the same on the website or on customer service number.
- 10.6 The Company shall put in place a "Code of Conduct for their Direct Selling Agencies (DSAs)" whose services may be availed to market products/services, which amongst other matters, require them to identify themselves when they approach the customer/borrowers for selling products personally or through phone.
- 10.7 The Company shall adopt a "**Model Code of Conducts for Direct Selling Agents (DSAs)/Direct Marketing Agents (DMAs)**" in line with "**Annex X**" of *RBI-HFC Directions, 2021*. The said Board approved Code/Policy is uploaded in the website of the Company as per the fresh regulatory guidelines. Customers/Borrowers are advised to refer the Company's website at www.saharahousingfina.com for details.
- 10.8 As and when any complaint is received from any customer/borrower of the Company about its representative/courier or DSA having engaged in any improper conduct or acted in violation of this Code, the Company shall promptly initiate appropriate steps to investigate the matter and handle the complaint properly and shall make good any loss that may have been incurred by the customer/borrower.

11. GUARANTORS:

When a person is considering being a Guarantor to a loan, he/she/they should be informed about:

- a. his/her/their liability as a Guarantor;

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- b.** the amount of liability he/she/they will be committing him/herself/themselves to the Company;
- c.** circumstances in which the Company will call on him/her/them to pay up his/her/their liability;
- d.** whether the Company has recourse to his/her other monies in the Company if he/she/they fail to pay up as a Guarantor;
- e.** whether his/her liabilities as a Guarantor are limited to a specific quantum or are they unlimited; and
- f.** time and circumstances in which his/her liabilities as a Guarantor will be discharged as also the manner in which the Company will notify him/her/them about this.
- g.** in case the Guarantor refuses to comply with the demand made by the Company, despite having sufficient means to make payment of the dues, such Guarantor would also be treated as a “willful defaulter”.

The Company shall keep him/her/them informed of any material adverse change/s in the financial position of the borrower/s to whom, he/she/they stand as a Guarantor.

12. PRIVACY AND CONFIDENTIALITY:

All personal information of customers/borrowers, both present and past, shall be treated as private and confidential and shall be guided by the following principles and policies;

- 12.1 The Company shall not reveal information or data relating to customer/borrowers accounts, whether provided by the customers or otherwise, to anyone, including other companies/entities in their group, other than in the following exceptional cases;
 - a. If the information is to be given by law.
 - b. If there is a duty towards the public to reveal the information.
 - c. If the companies interests require them to give the information (for example, to prevent fraud). However, it should not be used as a reason for giving information about customer or customer accounts (including customer name and address) to anyone else, including other companies in the group, for marketing purposes.
 - d. If the customer asks the company to reveal the information, or with the customer’s permission.
 - e. If the companies are asked to give a reference about customers, they shall obtain his/her written permission before giving it.
- 12.2 The customer shall be informed the extent of his/her rights under the existing legal framework for accessing the personal records that the Company holds about him/her.
- 12.3 The Company shall not use customers/borrowers personal information for marketing purposes by anyone including the Company, unless the customer specifically authorizes them to do so.

13. GENERAL:

- 13.1 The Company shall refrain from interference in the affairs of the borrower/s except for the purposes provided in the terms and conditions of

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- the Loan Agreement (unless information, not earlier disclosed by the borrower/s, has been noticed).
- 13.2 In case of receipt of request from the borrower/s for transfer of his/her/their active loan account, the consent or otherwise i.e. objection of the Company, if any, shall be conveyed within 21 (twenty-one) days from the date of receipt of such request. Such transfer/s shall be as per transparent contractual terms in consonance with law.
- 13.3 Whenever loans are given, the Company shall explain to the customer/borrower the repayment process by way of amount, tenure and periodicity of repayment. However, if the customer does not adhere to repayment schedule, a defined process in accordance with the laws of the land shall be followed for recovery of dues. The process will involve reminding the customer by sending him/her notice or by making personal visits and/or repossession of security if any.
- 13.4 In the matter of recovery of loans, the Company shall not resort to harassment viz. persistently bothering the borrowers at odd hours, use muscle power for recovery of loans etc. Complaints from customers/borrowers shall also include rude behavior from the staff of the Company. Further, the Company shall ensure that the staffs are adequately trained to deal with the customers in an appropriate manner.
- 13.5 The Company shall formulate the **“Guidelines for engaging Recovery Agents by the Company”** in line with **“Annex XI”** of *RBI-HFC Directions, 2021*. The said Board approved guidelines is uploaded in the website of the Company. Customers/Borrowers are advised to refer the Company’s website at www.saharahousingfina.com for details.
- 13.6 The Company shall not charge pre-payment levy or penalty on pre-closure/foreclosure of Housing Loans under the following situations:
- Where the Housing Loan is on floating interest rate basis and pre-closed from any source.
 - Where the Housing Loan is on fixed interest rate basis and the loan is pre-closed by the borrower out of their own sources.

The expression “own sources” for the purpose means any source other than by borrowing from a bank/HFC/NBFC and/or a financial institution. The Company currently does not lend under dual/special rate Housing Loan. However, in case it decides to do so in future, all dual/special rate (combination of fixed and floating) Housing Loans will attract the pre-closure norms applicable to fixed/floating rate depending on whether at the time of pre-closure, the loan is on fixed or floating rate. In case of a dual/special rate Housing Loans, the pre-closure norm for floating rate will apply once the loan has been converted into floating rate loan, after the expiry of the fixed interest rate period. It is also clarified that a fixed rate loan is one where the rate is fixed for entire duration of the loan.

- 13.7 The company shall not impose foreclosure charges/pre-payment penalties on any floating rate term loan sanctioned for purposes other than business to individual borrowers, with or without co-obligant(s).
- 13.8 In order to facilitate quick and good understanding of the major terms and conditions of Housing Loan agreed upon between the Company and the individual borrower/s, the Company has formulated a concise document containing the “Most Important Terms and Conditions (MITC)” of the loan in all cases in line with the suggestive format as per “Annex XII” of *RBI-*



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- HFC Directions, 2021.* MITC shall be obtained in addition to the existing Loan & security documents and shall be prepared in duplicate, in the language understandable by the borrower. Duplicate copy duly executed between the borrower/s and the Company shall be handed over to the borrower/s under proper acknowledgement.
- 13.9 Display of various key aspect such as service charges, interest rates, Penal interest (if any), services offered, product information, time norms for various transactions and grievance redressal mechanism, etc. is required to promote transparency in the operations of the company. The Company shall follow the instructions on “Notice Board”, “Booklets/Brochures”, “Website”, “Other Modes of Display” and on “Other Issues” as encompassed in the “Most Important Terms and Conditions (MITC)” under “Annex XII” of *RBI-HFC Directions, 2021.*
- 13.10 The Company shall display about their products and services in any one or more of the following languages; Hindi, English or the appropriate local language.
- 13.11 The Company shall not discriminate on grounds of sex, caste and religion in the matter of lending. Further, the Company shall also not discriminate visually impaired or physically challenged applicants on the ground of disability in extending products, services, facilities, etc. However, this does not preclude the Company from instituting or participating in schemes framed for different sections of the society.
- 13.12 In order to publicize this Code, the Company shall;
- a. provide existing and new customers with a copy of the Code;
 - b. make this Code available on request either over the counter or by electronic communicate on or mail;
 - c. make available this Code at every branch and on our website; and
 - d. ensure that our staffs are trained to provide relevant information about the Code and to put the Code into practice.

This Code come into immediate effect and shall supersede the previous “Policy on Fair Practice Code” (Amendment – 3) that was earlier approved by the Board of Directors of the Company in their meeting held on February 08, 2019.

Note: Several sales & marketing features, product, schemes etc. even though may find a mention in this FPC but are currently not promoted / marketed by the Company. It has been included with the sole reason to aptly incorporate in entirety the guidelines advised by the regulator.

Sd/-
(D J Bagchi)
CEO

Place : Kolkata
Date : August 16, 2021

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