

Fair Practice Code of Mitrata Inclusive Financial Services Private Limited	Date of approval: April 05, 2022	
	Next review: As and when required	Version no. 3. 2022

Mitrata Inclusive Financial Services Limited

(Formerly Known as Mitrata Inclusive Financial Services Private Limited)

Fair Practices Code

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Preamble

The Fair Practice Code (in short FPC) of Mitrata Inclusive Financial Services Ltd. (the Company), as required under the Reserve Bank of India's Master Circular dated July 01, 2015, RBI/201516/16 DNBR (PD) CC.No.054/03.10.119/2015-16 and Circular No. DNBS. CC. PD. No. 320/03.10.01/2012-13 dated February 18, 2013.

The FPC, as mentioned below, is in conformity with these guidelines on Fair practice code for NBFCs as contained in the aforesaid RBI circular. Industry Code of Conduct developed by MFIN (Microfinance Institutions Network) and Sa- Dhan. 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 for loans and their processing

1. All communication with the borrowers will be in local languages.
2. All Loan Application Forms include the necessary information which affects the interest of the borrowers so that the borrower can make a meaningful comparison with the terms and conditions offered by other MFIs, and it will help them to take a proper decision.
3. The required documents to be submitted are written clearly in the Loan Application Form.
4. An acknowledgement for receipt of Loan Applications will be given to the borrower.

Client Protection

Fair practices:

- a. Company will ensure that the provision of micro finance services to eligible client is as per RBI guidelines.
- b. 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.

Avoiding Over-indebtedness for Microfinance Loans:

- a) Mitrata's Field officers are trained to make necessary enquiries with regard to existing debt of the borrowers. Proper due diligence is conducted as per its internal credit policy to assess the need and repayment capacity of clients before making a loan and will only make loans commensurate with the client's ability to repay.

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- b) The computation of loan repayment shall take into account all outstanding loans of the household. The outflow capped at 50% of the monthly household income.

Loan appraisal and terms/conditions for Microfinance Loans:

1. The Company will properly communicate to all borrowers the amount of loan sanctioned along with terms and conditions including annualized rate of interest and method of application.
2. Acceptance of terms and conditions by the borrowers shall be kept on record.
3. The Company shall furnish a copy of the loan agreement along with the enclosures at the time of sanction/ disbursement of loans.
4. General terms and conditions of the loan products are mentioned below:
 - a) Only women borrowers are eligible.
 - b) The borrower must be a member of one JLG.
 - c) The loan will be used for income-generating activity only.
 - d) The household annual income of the borrower should not exceed Rs 3,00,000
 - e) Interest Rate as approved by the Board of Directors
 - f) Borrower and co-borrower are covered under insurance.
 - g) Prepayment allowed without penalty.
 - h) A loan is without collateral.
 - i) A loan is repayable as approved by the Board of Directors.

Loan appraisal and terms/conditions for other Loans:

1. The Company will properly communicate to all borrowers the amount of loan sanctioned along with terms and conditions including annualized rate of interest and method of application.
2. Both male and Female can avail the loan
3. A loan can be secured and unsecured.
4. Borrower and co-borrower are covered under insurance

Disbursement of loans including changes in terms and conditions

Any change in terms and conditions including disbursement schedule, interest rates, etc. shall be informed to the borrowers.

General

1. The Fair Practice Code in vernacular language is displayed at its Head Office and Branch Office premises,
2. A statement shall be made in vernacular language and displayed in their premises and in the Loan Card articulating the commitment to transparency and fair lending practices.
3. The staff shall be properly trained as per the Board approved policy to deal with the customers in an appropriate manner and to make necessary enquiries about the existing debt of the borrowers.

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4. The training to the borrowers shall be free. The field staff shall be trained to offer such training and make the borrowers fully aware of the procedure and systems related to loans/other products.
5. The minimum, maximum and average interest rates charged on microfinance loans and Grievance Redressal System prominently displayed in vernacular language in all its offices and the literature issued by it and on its website.
6. A declaration that the Company will be accountable for preventing inappropriate staff behaviour and timely grievance redressal shall be made in the loan agreement and in the Fair Practice Code displayed in its office/branch premises.
7. The KYC Guidelines of RBI shall be complied with. Due diligence shall be carried out to ensure the repayment capacity of the borrowers.
8. All documentation for the disbursement will be done from Branch offices and Fund Transfers will be initiate from Head Office. The procedure for loan application shall be simplified and loan disbursements will be done within a pre-determined time.

Disclosures in loan agreement/Loan Card for Microfinance Loan

The board approved standard form of loan agreement /loan card in vernacular language shall be followed. The loan agreement shall disclose the following:

1. The loan agreement is in vernacular language.
In the Loan Agreement the followings are disclosed:
 - a) All the terms and conditions of the loan.
 - b) The pricing of the loan involves only three components, viz., the interest charge, the processing charge and the actual insurance premium.
 - c) No penalty charged on delayed payment.
 - d) No Security Deposit/Margin is collected from the borrower.
 - e) The borrower cannot be a member of more than one SHG/ JLG.
 - f) the moratorium between the grant of the loan and the due date of the repayment of the first instalment is as guided by the NBFC-MFIs (Reserve Bank) Directions, 2011.
 - g) An assurance that the privacy of borrower data will be respected.
2. The loan card shall reflect the following details as specified in the Non-Banking Financial Company - Micro Finance Institutions (Reserve Bank) Directions, 2011:
 - a) Information which adequately identifies the Client
 - b) Factsheet on pricing
 - c) The effective rate of interest charged
 - d) All other terms and conditions attached to the loan
 - e) Information which adequately identifies the borrower
 - f) Acknowledgements of all repayments including instalments received and the final discharge.
 - g) The Grievance Redressal System and the name and contact number of the nodal officer clearly mention in the Loan Card.
 - h) The Insurance facility provided with full consent of the borrowers and the related fee structure communicated in the Loan Card.
 - i) All entries are made in the Loan Card in the vernacular language.

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Disclosures in loan agreement/Sanction Letter for other loans

1. The loan agreement is in vernacular language.
In the Loan Agreement the followings are disclosed:
 - a) All the terms and conditions of the loan.
 - b) The pricing of the loan involves only three components, viz., the interest charge, the processing charge, and the actual insurance premium.
 - c) Penalty can be charged on delayed payment.
 - d) Security Deposit/Margin can be collected from the borrower.
 - e) An assurance that the privacy of borrower data will be respected.

Non-Coercive Methods of Recovery

- i) Recovery shall be made only at a designated/ central designated place decided mutually by the Client and the Company. However the Field staff shall be allowed to make recovery at the place of residence or work of the borrower only if borrower fails to appear at central designated place on two or more successive occasions.
- ii) RE 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:
 - a) Use of threatening or abusive language
 - b) Persistently calling the borrower and/ or calling the borrower before 9:00 a.m. and after 6:00 p.m.
 - c) Harassing relatives, friends, or co-workers of the borrower
 - d) Publishing the name of borrowers
 - e) Use or threat of use of violence or other similar means to harm the borrower or borrower's family/ assets/ reputation
 - f) Misleading the borrower about the extent of the debt or the consequences of non-repayment
- iii) The Company will treat every customer with respect and dignity. We provide our microfinance services regardless of caste, creed and religion. The Company will maintain a positive bias in favour of the socio-economically vulnerable segments of society. We always maintain decency and decorum during all customer and employee interactions, are respectful of social and cultural sensitives and avoid behaviour which may lead to any form of threat or violence.

The internal auditor will periodically audit and include compliances as a part of reporting. Penalties shall be imposed on cases of non-compliance of field staff with the Code of conduct.

Grievance Redressal Mechanism for Customers

A grievance can be defined as any sort of dissatisfaction that needs to be redressed to bring about the smooth functioning of the organization. Broadly, a grievance can be

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defined as any discontent of dissatisfaction with any aspect of the organization. It can be real or imaginary, legitimate or ridiculous, rated or unvoiced, written or oral; it must, however, find expression in some form of the other.

Mitrata's Board of Directors has laid down a grievance redressal mechanism (GRM) to resolve disputes. A periodical review of the functioning of the GRM is undertaken by Grievance Redressal Committee. A consolidated report of such reviews is submitted to the Board every quarter.

FAIR PRACTICES CODE FOR CUSTOMERS

1. All our dealings with customers will be open, fair and ethical.
2. We will treat all our customers with respect and professionalism.
3. We shall explain and disclose the features of our services in a transparent and understandable manner. Further our applications and agreements shall clearly include:
 - a) The interest rate on loans
 - b) Processing fee and insurance premium and
 - c) All other terms and conditions
4. We will make our best efforts to ensure that the loans we provide are within our customers' capacity to repay.
5. We will provide a receipt/acknowledgement for every payment received from a customer.
6. We will not engage in any coercive methods to collect repayments.
7. We will provide customers with a grievance redressal system to register their complaints and resolve it in a timely and fair manner.
8. We respect our customers' privacy and will treat customer information as private and confidential.

There are three formal ways in which any grievance can be redressed. At the Company, we want to make sure that customers get only the very best of service from us - service which our valued member deserves.

Step 1

Direct

- a. **In person** - Each customer is informed about the location of their Branch and the name of its Branch Manager, so that in case they wish to register a complaint in person, they can do so easily. The contact numbers of nodal officers are also mentioned on the loan card cum loan agreement. Customer can walk-in at the branches and raise their complaint to the BM/BOM. BM/BOM will be bound to record the complaint in the Complaint Register. Each client is given unique complaint number and turnaround time of 7 days to get the queries/complaints answered is given at this level.

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- b. **Over Phone Call** – Mitrata has implemented a Customer Care help Line to ensure that the queries, request and grievances of customers with the organization’s operations or behavior of staff can be systematically routed and addressed. Customers who have concerns call our Customer Care line at: 1800-120-5612 (from 10am to 6pm every day except 2nd and 4th Saturday, Sunday and other Holidays). The Client Connect Initiative team will log the call and update in the excel. The toll-free number is printed on the loan cards, displayed at the branches of the Company.

Step 2

If you are not satisfied with the response that you receive from the Branch level or over the call, or if you do not hear from us in 7 days, you may contact the Office of the Grievance Redressal Officer for a speedy investigation and fair resolution of your problem. Please quote the reference number provided to you in your earlier interaction with the Company, along with your account/loan number to help us understand and address your concern.

You may write to:

Name: Shalu Gupta

E-mail ID.: compliance@mitrata.in

Telephone no.: 01244044228

Address: Mitrata Inclusive Financial Services Limited V29/11A, DLF Phase-III, Gurugram-122002

Step 3

If you are not satisfied with the response received from Grievance Redressal Officer or do not receive any response within a period of 15 days, please contact:

MFIN toll free help line: 1800 102 1080

If you are not satisfied with the response received from any of the above or do not receive a response from MFIN in 4 weeks, please contact:

The General Manager,
Department of Non-Banking Supervision,
Reserve Bank of India,
6, Parliament Street,
New Delhi – 110001
Ph. 011-23714456

The Fair Practices Code is subject to revision based on the RBI guidelines and such revisions shall be made on a time-to-time basis.