

**SPANDANA SPHOORTY FINANCIAL LIMITED**

**POLICY ON FAIR PRACTICES CODE (“FPC”)**

**Date of Modification: April 29, 2024**

**Table of Contents**

<b>1. Introduction .....</b>	<b>3</b>
<b>2. Objectives of the Fair Practices Code:.....</b>	<b>3</b>
<b>3. Core Values.....</b>	<b>3</b>
<b>4. Guidelines on Fair Practices Code.....</b>	<b>4</b>
<b>4.1. Loan Application .....</b>	<b>4</b>
<b>4.2 Loan Appraisal .....</b>	<b>4</b>
<b>4.3 Loan Terms and Conditions .....</b>	<b>4</b>
<b>4.4 Loan Sanction and Disbursement .....</b>	<b>5</b>
<b>4.5 Disbursement of Loans including Changes in Terms and Conditions:.....</b>	<b>5</b>
<b>4.6. Disclosures in Loan Agreement / Document / Loan Card / Key Fact Statement .....</b>	<b>5</b>
<b>5. Fair Practices and Ethical Behavior .....</b>	<b>6</b>
<b>6. Avoiding Over-Indebtedness .....</b>	<b>7</b>
<b>7. Policy on Recovery / Collection Practices.....</b>	<b>7</b>
<b>8. Privacy of Borrower Information .....</b>	<b>8</b>
<b>9. Policy on Customer Grievance Redressal Mechanism (GRM).....</b>	<b>8</b>
<b>9.1 Objectives.....</b>	<b>9</b>
<b>9.2 Centralised mechanism for Grievance Redressal.....</b>	<b>9</b>
<b>9.3 Registration of Grievance:.....</b>	<b>9</b>
<b>9.4 Processing of Grievance .....</b>	<b>11</b>
<b>9.5 Closure of Grievance:.....</b>	<b>11</b>
<b>9.6 Escalation of Serious Grievance:.....</b>	<b>11</b>
<b>9.7 Communication of the Grievance Redressal System.....</b>	<b>11</b>
<b>9.8 Appointment of Grievance Redressal Officer / Principal Nodal Officer .....</b>	<b>11</b>
<b>9.9 Escalation Matrix for Borrower Grievances.....</b>	<b>12</b>
<b>9.10 Review of Grievances: .....</b>	<b>13</b>
<b>10. Whistle Blower.....</b>	<b>13</b>
<b>11. External Complaints .....</b>	<b>13</b>
<b>12. Dissemination of FPC and GRM.....</b>	<b>14</b>

## 1. Introduction

Spandana Sphoorty Financial Limited (“**Spandana**” or “**the Company**”) is a public limited company registered with the Reserve Bank of India (RBI) as an NBFC and has been reclassified as NBFC-MFI effective by April 13, 2015. It is also classified as Middle Layer NBFC under the RBI’s Scale Based Regulation .

Spandana provides microfinance services to the low-income households and individuals to improve their quality of life. Spandana constantly endeavors to deliver quality services to its Borrowers by maintaining the highest levels of transparency and integrity.

Spandana ensures that the principles of responsible lending, transparency and core values are followed in letter and spirit. Spandana follows various guidelines issued by the Reserve Bank of India (“**RBI**”) on Fair Practices Code for NBFCs and MFIs, under the Master Direction – Reserve Bank of India (Regulatory Framework for Microfinance Loans) Directions, 2022, the Master Direction – Reserve Bank of India (Non-Banking Financial Company –Scale Based Regulation) Directions, 2023 and has also adopted the unified Industry Code of Conduct developed by the Self-Regulatory Organizations Microfinance Institutions Network (**MFIN**) and Sa- Dhan (The Association of Community Development Finance Institutions).

Spandana is present across 21 States including union territories in India, and has plans to expand its operations to more States & regions across India. Accordingly, the products, customers and staff has been increasing, proportionately the appropriate enhancement in the scope of existing Board-approved Policy is performed from time to time for a better understanding of the Fair Practices Code and effective implementation of the policy guidelines.

## 2. Objectives of the Fair Practices Code

- To formulate a Fair Practices Code (FPC) and lay down the process and guidelines for effective implementation of FPC which complies with the guidelines prescribed by the regulator and Self-Regulatory Organizations (SROs) and enhancing the scope of FPC by drawing from the experiences gained by Spandana.
- To protect Borrowers from fraud, misrepresentation, deception and unethical practices.
- To ensure that all practices related to lending and recovery of loans are fair and maintain respect for the Borrower’s dignity.
- To train all the employees and borrowers on the FPC in an effective manner and to ensure that they follow the FPC at all times.
- To ensure that the Borrowers are not discriminated against on grounds such as religion, caste, gender, marital status, sexual orientation etc.
- To monitor the effective implementation of the FPC and maintain zero tolerance to deviations.
- To constantly review and revise the FPC based on the RBI and SRO guidelines in addition to the experiences gained by Spandana.

### 3. Core Values - ICARE

- Integrity We believe in fairness and doing the right thing
- Collaboration We put collective success before individual achievement
- Agility We execute fast and effectively
- Receptiveness We believe in open and honest communication
- Empathy We respect and care for all our stakeholders

### 4. Guidelines on the Loan Process

#### 4.1. Loan Sourcing and Application

- a. Borrowers will be trained for 2 days to explain to them about the terms and conditions of the loan and to ensure coordination between the group members, before processing application.
- b. The training will emphasize the proper utilization of the loan amount, the perils of over-borrowing, misuse of loan amount etc.
- c. The training also covers the product features including the annualised interest rate , effective annualised interest rate, loan processing fee, insurance premium, broken period/ moratorium, and other applicable charges including penalty/charges on delayed payment, loan tenor and repayment frequency. Borrowers will be intimated that Spandana does not charge pre-payment or foreclosure charges.
- d. Borrowers will be trained about the features of insurance Policy, its claiming process, surrender and the continuation of policy in situations of preclosure of loan.
- e. Borrowers are also told that they need not pay anything other than the principal, interest, processing fee and insurance premium.
- f. All communication to the borrower should be in the vernacular language or the language understood by the borrower.
- g. Loan application/documentation shall be in the vernacular language, or a language as understood by the borrower.
- h. Borrower shall be provided with acknowledgement for receipt of loan application communicating the timeframe within which the loan application will be disposed of.
- i. Loan application will contain the effective interest rate, processing fee, insurance premium, other applicable charges and all the material information forming part of the arrangement so that a meaningful comparison with the terms and conditions offered by other lenders can be made and informed decision can be taken by the borrower.
- j. The loan application form shall indicate the documents required to be submitted with the application form.

#### 4.2 Loan Appraisal

- a. Every loan has to be appraised to understand the Borrower's business, household income, her current indebtedness and thereby assess her loan requirement and repayment capacity.
- b. Loan appraisal has to be done mandatorily by the Branch Manager and the appraisal should be filled.

#### 4.3 Important Loan Terms and Conditions of loan, Loan Sanctioning and Disbursement Process

- a. Spandana has a standard form of loan agreement/documents and the same is given to Borrowers in vernacular language.
- b. Post appraisal, Spandana shall issue sanction letter in vernacular language for every loan sanctioned.
- c. The sanction letter contains the amount of loan sanctioned, rate of interest, gradation of risk and rationale for charging the interest, processing fee, insurance premium, loan tenor and repayment frequency along with the documents required to be executed.
- d. Additionally, along with the sanction letter Spandana shall issue the Key Fact Sheet (KFS), to all prospective borrowers to help them take an informed view before executing the loan contract/documents. (Till the implementation of KFS, the Company will issue/continue with the factsheet cum loan card).
- e. The KFS shall be provided with a unique proposal number and shall have a validity of three working days, contents of KFS shall be explained to the borrower and an acknowledgement shall be taken on the understanding of KFS and Sanction letter for further processing/documentation.
- f. Spandana shall be bound by the terms of the loan indicated in the KFS, if agreed to by the borrower during the validity period. In scenarios where the customer gives consent on KFS post the validity date, then Spandana has the sole right to take the decision on further processing of the loan with the conditions mentioned in KFS or to change conditions by processing a new KFS.
- g. Part 1 of the KFS shall contain the details of rate and fees/charges (Annual Percentage Rate (APR), processing fee, insurance premium, all other charges forming part of the loan arrangement, Equated Periodic Instalment, etc. in line with the RBI direction). Part 2 of the KFS shall contain the Other qualitative information (clause concerning recovery agents, clause and details of grievance redressal mechanism, applicability on securitization, cooling period and the detail of lending service provider etc. in line with the RBI direction). Additionally, the KFS shall also include a computation sheet of the annual percentage rate (APR), and the amortisation schedule (loan card) of the loan over the loan tenor.
- h. The loan amortisation schedule shall contain all features as mentioned below under the head Loan Card (point number 4.5).
- i. Loan shall be disbursed only in the Branch. The loan shall be disbursed by the concerned Loan Officer and the Branch Manager in the presence of the Borrowers and her group members. As a policy, Borrower's spouses should also be present at the time of loan disbursement. There shall be a close supervision of the disbursement function.
- j. Borrower shall also be provided a copy of the loan agreement/document in vernacular language along with a copy of each of all enclosures quoted in the loan agreement/document.
- k. Spandana shall give notice to the borrower in the vernacular language in case of any change in the terms and conditions including disbursement schedule, interest rates, etc.
- l. Any change in interest rates and charges are effected only prospectively. The loan agreement shall contain a suitable condition on this.
- m. The decision to recall/accelerate payment or performance under the agreement/document shall be in consonance with the loan agreement/document.
- n. Spandana shall not charge foreclosure charges / pre-payment penalty for micro finance loans. Penalty, if any, for delayed payment shall be applied on the overdue amount and not on the entire loan amount.
- o. The details of penal charges will be mentioned in bold in loan agreement, whenever reminders for non-compliance of material terms and conditions of loan are sent to borrowers, the penal charges

shall be communicated. Further, any instance of levy of penal charges and the reason therefor shall be communicated.

- p. Spandana 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 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 Spandana is entitled to retain the securities till the relevant claim is settled / paid.

#### **4.4 Disbursement of Loans including Changes in Terms and Conditions**

- a. The procedure for loan application shall be simple and loan shall be disbursed as per pre-determined time.
- b. The effective rate of interest (the minimum, maximum and average interest rates, if applicable) charged on microfinance loans on each loan product, processing fees and insurance premium shall be prominently displayed in all branches & head office, in the literature issued (in vernacular language) and on the website of the company.

#### **4.5. Loan Card**

The features of loan card

- a. all the terms and conditions of the loan in a language understood by the borrower,
- b. the annual effective rate of interest charged on declining balance,
- c. information which adequately identifies the borrower,
- d. acknowledgements by the field staff of all repayments including installments received and the final discharge,
- e. Details of the grievance redressal system, including the name and contact number of the nodal officer of the Company.

Non-credit products issued, if any, shall be with the full consent of the borrowers and the fee structure shall be communicated in the loan card itself.

### **5. Fair Practices and Ethical Behavior**

- a. All dealings of the Company with Borrower shall be open, fair and ethical.
- b. Employees of the Company shall treat Borrowers with respect and dignity.
- c. The Company shall not discriminate in extending products and facilities including loan facilities to physically/visually challenged applicants on grounds of disability. And shall render all possible assistance to such persons for availing of the various financial services.
- d. The Company endeavors that the Borrowers are not discriminated against on grounds such as religion, caste, gender, marital status, sexual orientation etc.
- e. The Company provides microfinance services to all eligible Borrowers as per the extant RBI guidelines.
- f. The Company's rate of interest and charges are in accordance with the extant RBI guidelines and the Board-approved policies.

- g. The rates of interest and the approach for gradations of risk and rationale for charging different rates of interest to different categories of borrowers shall be disclosed to the borrower in the application form and communicated explicitly in the sanction letter.
- h. The rates of interest and the approach for gradation of risks shall also be made available on the website of the Company. The information published on the website shall be updated whenever there is a change in the rates of interest.
- i. The Company will not interfere in the affairs of the borrower except for the purposes provided in the terms and conditions of the loan agreement/document (unless new information, not earlier disclosed by the Borrower, has come to notice of the Company).
- j. The Company will obtain copies of relevant documents from Borrowers, as per standard KYC norms. Additional documents sought will be reasonable and necessary for completing the transaction.
- k. In case of receipt of any request from the Borrowers for transfer of borrowal account, the consent or otherwise i.e. objection of the Company, if any, shall be conveyed within 21 days from the date of receipt of such request. Such transfer shall be as per transparent contractual terms in consonance with the applicable law.
- l. The Company will not bundle products. The only exception to bundling may be made concerning credit life insurance products (if applicable), which are typically offered bundled with loans to cover the credit risk on fully unsecured loans. The terms of insurance shall be transparently conveyed to the Borrowers and must comply with RBI & Insurance Regulatory and Development Authority (IRDA) norms. Consent of the Borrower should be taken in all cases, in situations where the Borrower is not ready to opt for the company-offered insurance, then the Borrowers have to arrange the insurance in their capacity.
- m. Training offered to the Borrowers shall be free of cost. Field staff shall be trained to offer such training and also make the Borrowers fully aware of the procedure and systems related to loan / any other products.
- n. The Company will inform the customer upfront while uploading the (DPD/NPA) default status to the CICs through SMS or through other convenient manner to intimate and educate the customer about the credit discipline.

## **6. Avoiding Over-Indebtedness**

- a. The loan sourcing officer and the Branch Managers shall make proper enquiries about the current indebtedness of the Borrowers before sanctioning the loan. Additionally, the company will check the credit track/history of the borrower/s through any of the Credit Information Companies.
- b. The Company will ensure that the loan is provided based on the assessment of the annual household income of the Borrower considering the broad parameters viz., Household profile, Household income and Household expenses.
- c. The Company provide accurate data to credit information companies (CIC's) on the level of indebtedness and in all possible scenarios will ascertain by way of obtaining declarations from the Borrowers, verification of bank account statements wherever available and local enquiries, etc.
- d. The Company assess the repayment of monthly obligations of households with monthly household income to ascertain the outflow.
- e. The Company shall not exceed the indebtedness cap as decided by the Board of the Company/ Industry Associations and the overall prescribed limit set by RBI.
- f. The Company shall educate Borrowers on the ill effects of over-borrowing.

## **7. Policy on Recovery / Collection Practices**

- a. The Company will train all employees (field level) on the collection policy and to deal with Borrowers appropriately.
- b. The Company will ensure that the employees use courteous language, maintain decorum, and are respectful of cultural sensitivities during all interactions with Borrowers.
- c. In the matter of recovery of loans, The Company will instruct the employees not to follow coercive collection practices such as collecting at odd/late hours or during bereavement/sickness of Borrowers, behaving rudely / aggressively, or use of muscle power during collection etc.
- d. The Company will ensure that the employees shall not adopt any harsh practices viz., use of threatening or abusive language, persistently calling the Borrower and/or calling the overdue Borrower before 9:00 AM and after 6:00 PM, harassing relatives, friends, co-workers of the Borrower, publishing the name of the Borrowers, use or threat of use of violence or other similar means to harm the Borrower or Borrower's family/assets/reputation, misleading the Borrower about the extent of the debt or the consequences of non-repayment.
- e. The Company shall ensure that recovery will be made at a designated/ central designated place (Center Meeting) decided mutually by the Borrower and the employees. However, field staff is entitled to make recovery at the place of residence or work of the Borrower if the Borrower fails to appear at the designated/ central designated place (Center Meeting) on two or more successive occasions.
- f. The Company is responsible/ accountable for any inappropriate behavior of the employees towards the Borrowers.
- g. The Company will have strict vigilance to ensure that staff do not misbehave, or disrespect the Borrowers.
- h. Disciplinary action shall be taken against the employees for any misbehavior or deviation against FPC.
- i. The Company will display FPC in the vernacular language or a language as understood by the borrower in all the branch premises, Head Office/ Registered Office and upload it on the website.
- j. The Company has put in place a grievance redressal mechanism for recovery-related grievances. The details of this mechanism shall be provided to the Borrower in the KFS cum loan card.
- k. The Company does not assign recovery agents for loan collection, if done, the details of the same will be communicated properly to the customers and will be hosted on the website.

## **8. Privacy of Borrower Information**

- a. The Company shall respect Borrower's privacy and shall treat Borrower information as private and confidential.
- b. The Company shall incorporate an adequate disclosure in the loan agreement/document on sharing Borrower data with credit bureaus, statutory organizations, group companies and third parties and the acceptance of the Borrower shall be obtained for internal records.
- c. The Company will train employees on fidelity and secrecy of Borrower data.



## 9. Policy on Customer Grievance Redressal Mechanism (GRM)

Spandana endeavours to be a Borrower centric organization keeping Borrowers at the center of its policy making and all the policies and procedures are designed to provide efficient and faster services to Borrowers. While Spandana has taken all the steps to ensure that Borrower service is given utmost importance, in case there is any '**Grievance**' which includes queries, complaints & feedbacks. This grievance redressal mechanism provides for timely redressal of the grievances/hearing of the feedback. Besides, all the grievances and feedback received are reviewed at the highest level of the organization and policies are reviewed and decisions taken to strengthen the delivery mechanism and provide better services.

The Company has put in place Grievance Redressal Mechanism given below, which provides guidelines for receiving, handling and disposal of Borrower grievances, documentation, turn-around-time and escalation matrix for unresolved complaints and periodical review mechanism.

The Company has dedicated Customer Support Service Department (CSS) at Head Office for receiving, handling and disposal of Borrower grievances, documentation and reporting under this policy.

## 9.1 Objectives

The objective of this policy is to immediately address the Borrower grievances by providing efficient services fairly and transparently to ensure prompt redressal of Borrower grievances and provide a mechanism for review of the implementation of the grievance redressal mechanism at the highest level.

- To provide Borrowers with formal and informal channels for feedback and suggestions
- To provide a formal grievance redressal mechanism for Borrowers
- To educate customers on grievance redressal mechanism
- To ensure that Borrowers are protected against fraud, deception or unethical practices
- To handle/resolve complaints speedily and efficiently
- To consistently assess the impact of services to provide better services to the Borrowers in a timely and efficient manner.

Spandana follows a multi-tier Customer Grievance Redressal Mechanism and the following are the key elements of the Grievance Redressal Mechanism:

Scope	Purpose
<b>Channels to Register Grievance</b>	<ul style="list-style-type: none"> <li>• Walk-ins in the Branch Office and recorded in the Complaints/Feedback Register</li> <li>• Call and register through toll-free Number: 18001205519</li> <li>• Write a letter to the Grievance Redressal Officer on the Corporate/Registered address</li> <li>• Write an email to the Grievance Redressal Officer at <a href="mailto:css@spandanasphoorty.com">css@spandanasphoorty.com</a> or to <a href="mailto:bipin.puthran@spandanasphoorty.com">bipin.puthran@spandanasphoorty.com</a></li> <li>• Escalate to the Principal Nodal Officer</li> <li>• Escalate to MFIN/Sa-Dhan toll-free number</li> <li>• Escalate to RBI Ombudsman</li> </ul>
<b>Display</b>	<ul style="list-style-type: none"> <li>• All office premises</li> <li>• Website</li> <li>• Loan documents including KFS cum Loan card</li> </ul>
<b>Informing Borrowers about their rights</b>	<ul style="list-style-type: none"> <li>• Compulsory Group Training (CGT) and Group Recognition Test (GRT)</li> <li>• KFS cum Loan card</li> <li>• Periodic, reminders by staff in Center Meetings</li> </ul>
<b>Resolution in Timely Manner</b>	<ul style="list-style-type: none"> <li>• Escalation Matrix</li> </ul>
<b>Reporting and Review Mechanism</b>	<ul style="list-style-type: none"> <li>• Data Analysis: (Trend, Comparison and Key metrics)</li> </ul>
<b>Staff Roles and Training</b>	<ul style="list-style-type: none"> <li>• Mandatory Training for Complaints handling and Monitoring</li> </ul>
<b>Monitoring Borrowers Grievance Redressal</b>	<ul style="list-style-type: none"> <li>• Proper record maintained and a monthly report shared with CSS</li> <li>• Internal Audit Check: Client Verification to measure client satisfaction.</li> <li>• Regulatory Compliance</li> </ul>

## **9.2 Centralised Mechanism for Grievance Redressal**

The Company has a centralized mechanism of grievance redressal which allows the Company to follow-up and process the Borrower's grievances. Irrespective of where the complaint has been received, it will be tracked by the Grievance Redressal team at Head Office.

### **9.3 Registration of Grievance:**

Each Branch has a Complaints (Grievance) Register. Borrowers are free to walk into the Branch and register a complaint/query/feedback in the register. If any queries or complaints of the Borrowers, which are recorded/registered in the complaints register, are unresolved for more than 5 days the same should be reported/escalated to CSS at Head Office.

If the Borrower is not satisfied with the response received from the Branch Manager or if the issue is not resolved within 5 days, the Borrower can reach to CSS dedicated toll-free number: '18001205519' or through CSS email ID: '[css@spandanaspohorty.com](mailto:css@spandanaspohorty.com)'.

Under no circumstances grievance registration should be refused on the grounds that the Borrower is not able to provide certain details. A grievance/complaint number should be generated for each grievance.

The employee registering the grievance should note the grievance in detail. He or she should also provide the complainant with a tentative timeframe in which the complaint is likely to be resolved.

In case a call is in the nature of a general query, the employee attending the call should try to answer it during the call itself. In case the employee attending the call is not able to answer the query, he or she should refer such query to the concerned persons in the concerned operations team.

### **9.4 Processing of Grievance**

All the grievances will be processed within 30 days or in line with such timeline which is prescribed by the concerned authorities.

### **9.5 Closure of Grievance**

CSS will close the complaint based on a follow-up discussion with the complainant.

### **9.6 Escalation of Serious Grievance**

All grievances that are concerned with financial irregularity (bribery, frauds etc.,)/recovery-related complaints should be treated separately and will be escalated to the Internal Audit team by CSS, for further investigation/inputs and closure.

### **9.7 Intimation /communication about the Grievance Redressal System**

The effectiveness of the Grievance redressal system requires its communication with the Borrowers. The following should be ensured for effective communication:

1. Details of the Grievance Redressal Mechanism and contact details including the toll-free number should be displayed prominently in the Branch Offices and will be displayed on the website.
2. This should be explained to the Borrowers during CGT, GRT and loan disbursement.

3. Supervisors should inform the Borrowers about the Grievance Redressal Mechanism every time they visit Borrowers during their monitoring visits.
4. Details of the grievance redressal system should also be printed on KFS cum loan card provided to the Borrowers.
5. Field Staff should be trained to ensure that all Borrowers are aware of the Grievance Redressal Mechanism.

### 9.8 Appointment of Grievance Redressal Officer and Principal Nodal Officer

The Company has appointed a Grievance Redressal Officer and Principal Nodal Officer, who supervise the overall process of grievance redressal. He / She will also be responsible for reporting to the senior management and the appellate authority of grievances and ensuring that all grievances received are properly addressed.

The name and contact details of Grievance Redressal Officer and Principal Nodal Officer are displayed on the Company website and in all the branches for easy access to the Borrower in case of any grievance.

### 9.9 Escalation Matrix for Borrower Grievances

<b>Level 1:</b>  <b>Branch Office</b>	Borrowers can approach the Branch Manager and report their complaint/grievance by filling out the Complaints Register.
<b>Level 2:</b>  <b>CSS</b>	If the Borrower is not satisfied with the response received from the Branch Manager or if the issue is not resolved within five (5) days, the Borrowers can escalate the complaint/grievance to CSS  <b>Toll-Free No. 1800-120-5519</b>  <i>(9.30 a.m. to 5.30 p.m. on working days (Monday to Saturday, except 3rd and 4th Saturday)</i>  <b>e-Mail: <a href="mailto:css@spandanasphoorty.com">css@spandanasphoorty.com</a></b>
<b>Level 3:</b>  <b>Grievance Redressal Officer (GRO) / Principal Nodal Officer (PNO)</b>	If the issue is not resolved within fifteen (15) days from the date of escalation to HO, Borrowers can escalate the complaint/grievance to PNO:  <b>Mr. P Rahul Reddy</b> <b>Contact: 93929 14441</b> <b>E-mail: <a href="mailto:rahulreddy.p@spandanasphoorty.com">rahulreddy.p@spandanasphoorty.com</a></b>

<p><b>Level 4: RBI</b></p> <p><b>OR</b></p>	<p>If the issue is not resolved (unattended/rejected) within ten (10) days of escalation to the Principal Nodal Officer, or if the customer is directly contacting customer care through the toll-free number instead of complaining through branches and is not resolved within thirty (30) days from the date raising the complaint, the customer can escalate the complaint/grievance to RBI Ombudsman or SROs.</p> <p><b>RBI Ombudsman</b></p> <p>If the issue is not resolved, Borrower can complain to RBI online on <a href="https://cms.rbi.org.in">https://cms.rbi.org.in</a>.</p> <p>Or</p> <p>Complaints can also be filed through the dedicated e-mail: <a href="mailto:crpc@rbi.org.in">crpc@rbi.org.in</a></p> <p>Or</p> <p>Sent physical complaint to the ‘Centralised Receipt and Processing Centre’ set up at <b>Reserve Bank of India, 4th Floor, Sector 17, Chandigarh - 160017</b> in the format provided at</p> <p><a href="https://rbidocs.rbi.org.in/rdocs/content/pdfs/RBIOS2021_121121_A.pdf">https://rbidocs.rbi.org.in/rdocs/content/pdfs/RBIOS2021_121121_A.pdf</a>.</p> <p>Or</p> <p><b>Toll-free No. 14448</b> (9:30 am to 5:15 pm)</p>				
<p><b>Self-Regulatory Organization (SRO)</b></p>	<table border="1" data-bbox="451 996 1386 1559"> <thead> <tr> <th data-bbox="451 996 1066 1081"><b>Microfinance Institution Network (MFIN)</b></th> <th data-bbox="1066 996 1386 1081"><b>Sa-Dhan</b></th> </tr> </thead> <tbody> <tr> <td data-bbox="451 1081 1066 1559"> <p>Grievance Redressal Officer</p> <p>PSP 4-003, 4-004, 4th floor, Emaar Palm Spring Plaza, Golf Course Road, Sector-54, Gurgaon-122003. Haryana.</p> <p><b>Toll Free No. 1800-102-1080</b></p> <p><a href="mailto:customercomplaint@mfindexia.org">customercomplaint@mfindexia.org</a></p> </td> <td data-bbox="1066 1081 1386 1559"> <p>Grievance Redressal Officer A-1 226, 1<sup>st</sup> Floor, Safdarjung Enclave, New Delhi-110029, Delhi</p> <p><b>Contact No. 011 4717 4418</b></p> <p><a href="mailto:nandi@sa-dhan.org">nandi@sa-dhan.org</a></p> </td> </tr> </tbody> </table> <p>The Company will provide special attention to resolve the complaint relating to recovery practice.</p> <p>Additionally, to comply with the RBI Framework for compensation to customers for delayed updation/ rectification of credit information, the Company has taken all the necessary steps and has communicated the Nodal Officer details with all CICs. As per the framework, the credit information-related complaints are to be resolved within 30 days from the date of receipt of the complaint in this regard the Company shall forward the corrected particulars of the credit information to the CIC or complainant within twenty-one (21) days from the date when the Company was informed of the inaccuracy in the credit information, provide the Company and the CIC, collectively, an overall limit of thirty (30) days to resolve/ dispose of the complaint. In effect,</p>	<b>Microfinance Institution Network (MFIN)</b>	<b>Sa-Dhan</b>	<p>Grievance Redressal Officer</p> <p>PSP 4-003, 4-004, 4th floor, Emaar Palm Spring Plaza, Golf Course Road, Sector-54, Gurgaon-122003. Haryana.</p> <p><b>Toll Free No. 1800-102-1080</b></p> <p><a href="mailto:customercomplaint@mfindexia.org">customercomplaint@mfindexia.org</a></p>	<p>Grievance Redressal Officer A-1 226, 1<sup>st</sup> Floor, Safdarjung Enclave, New Delhi-110029, Delhi</p> <p><b>Contact No. 011 4717 4418</b></p> <p><a href="mailto:nandi@sa-dhan.org">nandi@sa-dhan.org</a></p>
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	<p>this would mean that the Company would get twenty-one (21) days and CICs would effectively get the remainder of nine (9) days for complete resolution of the complaint.</p> <p>The complainant shall be entitled to a compensation of ₹100 per calendar day in case their complaint is not resolved and communicated within thirty (30) calendar days from the date of the initial filing of the complaint by the complainant with the Company or CIC. Compensation to be provided by the Company/ CIC to the complainant (for delayed resolution beyond thirty (30) calendar days of filing the complaint) shall be apportioned among the Company/ CICs concerned proportionately as mentioned in the RBI framework.</p>
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### **9.10 Review of Grievances**

The senior management of the Company shall periodically review the grievances. Once in a quarter, the Board of Directors/Committee of the Company shall review and discuss the analysis of the grievances received during the quarter.

### **9.11 Appointment of Internal Ombudsman**

The Company in line with the regulatory guidelines Master Direction - Reserve Bank of India (Internal Ombudsman for Regulated Entities) Directions, 2023 has appointed the Internal Ombudsman, who shall not handle complaints received directly from the complainants or members of the public but deal with the complaints that have already been examined by the Company but have been partly or wholly rejected by the Company.

## **10. External Complaints**

Complaints received from (on behalf of Borrower or on the basis of public interest) general public & other stake holders such as Government agencies, RBI, police, lawyers, industry ombudsman (AKMI, Sa-adhan & MFIN etc.) & social activists will also be handled at Head office and provide appropriate redressal in terms of the applicable policy. Hence, any staff who receives complaints from such agencies should escalate them to CSS.

## 11. Dissemination of FPC and GRM

- a. The Company's HR policy has criteria for recruitment of all staff, their training and the reporting structure. The criteria cover minimum qualification, skill sets and their social and behavioral aspects. Each employee is trained on FPC, GRM, Code of Conduct, Whistle Blower Mechanism and the appropriate way of dealing with the Borrowers. Guidelines provided in the Industry Code of Conduct by MFIN & Sa-Dhan, have been approved and adopted by the Board.
- b. **Employee Training:** Every employee is trained on the FPC including grievance redressal mechanism. Besides, they are also trained in soft skills so as to behave properly and respectfully with borrowers without adopting any abusive or coercive debt collection/recovery practices. Each employee is trained in a way that the Borrower is given due respect and is treated with dignity and self-esteem. The employees are trained to make necessary enquiries regarding the income and existing debt of the household of the prospective Borrowers.
- c. Utmost importance shall be given to the adherence to the FPC, GRM, Code of Conduct and Whistle Blower Mechanism while awarding the promotions to staff.
- d. Disciplinary action shall be taken on staff who do not adhere to the FPC, GRM, Code of Conduct and Whistle Blower Mechanism.
- e. All branches & head office of Spandana shall prominently display FPC, GRM, Code of Conduct and Whistle Blower Mechanism in vernacular language for Borrower's information.
- f. A copy of this FPC & GRM shall also be uploaded on the website for the information of various stakeholders.
- g. Borrower Education: Borrowers shall be educated on the FPC, GRM and escalation matrix for their unresolved complaints, options, choices and responsibilities vis-à-vis financial services. Borrower education shall be made through group training, and interaction in the Branch and Center Meetings.
- h. New Borrowers must be informed about the organization's policies and procedures to help them understand their rights as Borrowers.

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