

# **FAIR PRACTICE CODE**

(In compliance with RBI Circular on Fair Practices Code)

<b>Date of Review of Policy</b>	<b>25<sup>th</sup> Day of April, 2025</b>
<b>Board Resolution No</b>	<b>11/2025-26</b>
<b>Applicable from</b>	<b>25<sup>th</sup> Day of April, 2025</b>
<b>Approved by</b>	<b>The Board of Directors</b>

**Reference: Circular No. RBI/2015-16/16 DNBR (PD) CC.No.054/03.10.119/2015-16**

**MAHASHAKTI FINANCIERS LIMITED**

**First Floor, Paras Complex, Jandore Site, Ward No-01, Near Bhagat Singh Park, Opp.  
Govt. Degree College, Kathua, Jammu & Kashmir, India, 184101**

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## **1. INTRODUCTION**

RBI Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 as amended from time to time, prescribed broad guidelines on fair practices that are to be framed and approved by the Board of Directors of all Non-Banking Financial Companies.

The Fair Practices Code aims to provide the customers with an effective overview of practices, which will be followed by the Company in respect of the financial facilities and services offered by the Company to its customers. The Code will facilitate the customers to take informed decisions in respect of the financial facilities and services to be used by them and will apply to any loan that the Company may sanction and disburse.

Any subsequent revision in the RBI guidelines related to fair practices code, the revised RBI guidelines shall supersede the current Fair Practice Code to the extent it is not in compliance with the updated guidelines / instructions.

## **2. FAIR PRACTICES CODE**

With reference to aforesaid Master Direction issued by Reserve bank of India to all Non-Banking Finance companies(NBFCs), Mahashakti Financiers Limited ("Mahashakti"), an NBFC, has formulated its FPC which inter-alia, covers Principles on disclosures on the terms and conditions relating to receipt of loan applications from the prospective borrowers and processing thereof, sanction, monitoring and recovery of loans and other financial products being offered by it, the Grievances Redressal Mechanism in place etc.

It is, and shall be the policy of Mahashakti to make available all financial products offered by the Company, to eligible applicants, without discrimination on the basis of race, caste, colour, religion, sex, marital status, age or physical disability etc.

In nutshell, The Company's business would be conducted in accordance with prevailing statutory and regulatory requirements, with due focus on efficiency, customer-orientation and corporate governance principles.

## **3. OBJECTIVES OF THE CODE**

The Company declares and undertakes that the primary objectives of the Code are as follows:

- a) To provide and promote professional, efficient, diligent and speedy services.
- b) Not to discriminate any borrower on the basis of religion, caste or gender.
- c) To be fair & honest in advertisement and marketing of loan products.
- d) To provide customers with accurate and timely disclosure of terms, costs, rights and liabilities regarding loan transactions and to promote cordial relationship between customer & Company.
- e) To attempt in good faith to resolve any disputes or differences with customers by setting up complaint resolution process within the organizations.

#### **4. APPLICABILITY OF THE CODE**

The code is applicable on all the services rendered by the Company from all its operating/service locations covering its every single establishment. The officials and authorized signatories of the Company are required to follow the code meticulously, irrespective of the place and location as well as the medium through which they render services. The Company has adopted a Fair Practices Code (“Code”) and implemented in the organization, which has duly been approved by the Board of Directors (“Board”).

##### **i. APPLICATIONS FOR LOANS AND THEIR PROCESSING**

- o A prospective customer shall be given all the necessary information, in a vernacular language or a language as understood by the customer, adequately explaining the range of loan products available with our Company to suit his/her needs.
- o On exercise of choice, the customer shall be given the relevant information about the loan. All information about the fees/charges, if any payable for processing,

rate of interest, duration of loan, processing charges, penal charges, pre-payment options and any other charges/matter which affects the interests of the borrower shall be given to the customer. This information will enable the applicants to have a meaningful comparison with similar provisions of other companies and thereafter to take an informed decision.

- The customer shall be explained the processes involved till sanction and disbursement of loan and shall be notified of timeframe within which all the processes will be completed ordinarily in our Company.
- The Company has a system of giving acknowledgement for receipt of all loan applications indicating the time frame within which the applications will be disposed of.

**ii. LOAN APPRAISAL AND TERMS/CONDITIONS**

- The Company shall make proper and prompt assessment of all Loan applications.
- The Company, before sanctioning the loan, would assess the ability of the borrowers to repay the loan and thereby approve the same on merit basis.
- When sanctioned, the Company shall convey to the applicant the details of Loan amount, interest rates, penal interest for late payment, repayment schedule, terms & conditions for loan and other charges in loan agreement to the borrower in the vernacular language or any other language as understood by the borrower by means of sanction letter or otherwise and keep the acceptance of these terms and conditions by the borrower on Company's record.
- The penal interest charged for late repayment will be mentioned in bold in the loan agreement.
- The Company shall furnish a copy of the loan agreement/sanctioned letter to the borrower along with a copy of each of the enclosures quoted in the loan agreement at the time of sanction / disbursement of loans.
- The borrowers shall give their acknowledgement in writing (in case of physical loan) and Aadhar Authentication (in case of Digital Lending) in token of their acceptance of terms and conditions governing the loan.

- If the Company cannot provide the loan to the customer, it shall communicate in writing the reason (s) for rejection thereof.

**iii. DISBURSEMENT OF LOANS INCLUDING CHANGES IN TERMS AND CONDITIONS**

- The Company shall ensure timely disbursement of loans sanctioned in conformity with the terms & conditions. The Company shall give notice to the borrower in the vernacular language or a language as understood by the borrower of any change in the terms & conditions including disbursement schedule, interest rates, service charges, prepayment charges and any other charges, etc. Further, the changes in interest rates and charges shall be affected only prospectively, and the conditions in this regard must be incorporated in the Loan Agreement.
- The Company shall carry out post disbursement supervision of all the credit facilities sanctioned by it to ensure that the funds extended by it are safe and are deployed as per the terms of sanctions.

**iv. OTHER GENERAL PROVISION**

- The Company will not interfere in the affairs of the borrower except for the purposes provided in the terms and conditions of sanction of the loan/loan agreement (unless new information, not earlier disclosed by the borrower, has come to the notice of the Company).
- In the matter of recovery of loans, the Company shall not resort to undue harassment viz. persistently bothering the borrowers at odd hours, use of muscle power for recovery of loans, etc. The Company shall ensure about the adequate training of staff to deal with the customer in an appropriate manner.
- Mahashakti has adopted an Interest rate policy taking into account relevant factors such as cost of fund, Risk premium, customer profile, Margin and in case of digital loan there is Operation cost which include (Advertisement Cost, Data Filtration Cost Customer Calling Cost API Service Charge Cost and Loan Reimbursement Cost) etc. to determine the rate of interest to be charged on Physical/Digital loan and same is disclosed to the borrower in the loan application form and also displayed on the website of the company. Interest rate

in Digital Lending will be 1% per day and maximum loan period is 45 days, but on an average loan period is between 7 to 30 days (i.e Loan period is 22 days and rate of interest is 22 % most of the cases and in manual cases; annualized rate of Interest is 24 -30%). Further, Risk gradation is determined based on the risk associated with customer profile products, type of loans, tenor, quantum of loan etc.

- The Company shall not charge pre-payment penalties on loan and no additional charges will be levied.

## **5. GRIEVANCE REDRESSAL CELL**

At **Mahashakti Financiers Limited** (the “**Company**”), customer Delight is our priority and we are committed to provide our customers Best in Class Experience.

Whilst all efforts are taken to give customers the best services to avoid any grievances the customers are intimated that they can record their grievances; if any; in writing or verbally.

The customer can approach either of our service touch points to register a complaint through any of our service touch points given hereunder and expect a response within defined time period of complaint registration.

In case the customer does not receive a response within the number of days indicated below for each level or if the customer is dissatisfied with the response received from the Company, the customer may escalate the complaint to the next level as indicated below.

**Te Company enables its customers to register complaints through multiple channels. The various channels available to customers are as follows: -**

- **E-mail or through contact numbers:** Customers can send their grievances to the company through an email, or they can use the respective Telephone or contact number available on the website of company ([www.sabkaloan.com](http://www.sabkaloan.com)) for redressal their grievances.
- **Grievance Redressal Officer:** Customers can reach out directly to Grievance Redressal Officer over phone and/or email which is provided in the below section.

- **Registered Office:** Customers can visit our registered office with details of their issues.
- **Suggestion/Complaint Box** – Suggestion/Complaint boxes are put up at the registered office of the Company. Customer can drop their Suggestion Complaints in these boxes. These boxes are opened on periodic intervals by the vigilance officer and forwarded to Centralized team for resolution.
- **Letter** – Customers can write to us at:

**Mahashakti Financiers Limited**

**Registered Office:** First Floor, Paras Complex, Jandore Site, Ward No-01, Near Bhagat Singh Park, Opp. Govt. Degree College, Kathua, Jammu & Kashmir, India, 184101.

## ❖ Escalation Matrix:

### LEVEL 1:

The customer may register his/her query/ complaint to the Company which shall be addressed to the Grievance Redressal Officer (GRO) in connection with any matter pertaining to business practices, lending decisions, credit management, recovery and complaints relating to updation / alteration of credit information. The details of the Grievance Redressal Officer are given below: -

**Name of the Grievance Redressal Officer:** Mr. Anurag Sharma

**Email id:** [grievance@sabkaloan.com](mailto:grievance@sabkaloan.com)

**Contact No:** 8527696663

### LEVEL 2:

If the complaint is not resolved within 5-7 working days, the customer shall complain to the Nodal Officer of the company. The details of the Nodal Officer are given below:

**Name of the Nodal Officer:** Ms. Geetika Arora

**Email id:** [geetika@sabkaloan.com](mailto:geetika@sabkaloan.com)

**Contact No:** 8630657006

### **LEVEL 3:**

If the complaint / dispute is not redressed within a period of one month from date of its receipt, the customer may appeal to:

- The General Manager, Reserve Bank of India, Department of Supervision
- Rail Head Complex, Jammu - 180 012, India

Telephone No-- 0191 2472451

Email- [dnbsjammu@rbi.org.in](mailto:dnbsjammu@rbi.org.in)

- The Board of Directors makes periodical review of the compliance of the Fair Practices Code and the functioning of the grievance's redressal mechanism at various levels of management. A consolidated report of periodical review of compliance of fair practice code and functioning of the grievance's redressal mechanism at various levels of management to be submitted to the Board at regular intervals as may be prescribed by it.
- The Company shall display the following information prominently, for the benefit of its customers, at its every place of business:
  - i.the name and contact details (Telephone / Mobile nos. / email address) of the Grievance Redressal Officer of the Company.
- The details to the Officer-in-Charge of the Regional Office of Department of Supervision of RBI, under whose jurisdiction the registered office of the Company falls, who can be approached by customers in case the complaint is not redressed within a period of one month by Grievance Redressal Officer.

## **6. PRICING DETERMINATION POLICY/ EXCESSIVE INTEREST RATE POLICY**

The Board has adopted an interest rate model/Pricing determination policy taking into account relevant factors such as cost of fund, Risk premium, customer profile, Margin and in case of digital loan there is Operation cost which include (Advertisement Cost, Data Filtration Cost Customer Calling Cost API Service Charge Cost and Loan Reimbursement Cost) etc. and determines the rate of interest to be charged for loans and

advances. The rate of interest and the approach for gradations of risk and rationale for charging different rate of interest to different categories of borrowers is disclosed to the borrower or customer and rate of interest is communicated explicitly in the welcome/sanction letter. The rates of interest and the approach for gradation of risks is detailed in Interest Rate Policy of the Company which is made available on the website of the Company.

Further the interest rate in Digital Lending will be 1% per day and maximum loan period is 45 days, but on an average loan period is between 7 to 30 days (i.e Loan period is 22 days and rate of interest is 22 % most of the cases and in manual cases; annualized rate of Interest is 24 -30%). Further, Risk gradation is determined based on the risk associated with customer profile products, type of loans, tenor, quantum of loan etc.

## **7. NODAL OFFICER/ PRINCIPAL NODAL OFFICER**

The Company has appointed Ms. Geetika Arora as Nodal Officer of the Company, in accordance with the Reserve Bank – Integrated Ombudsman Scheme, 2021, whose details are as follows:

**Name of the Nodal Officer:** Ms. Geetika Arora  
**Email id:** [geetika@sabkaloan.com](mailto:geetika@sabkaloan.com)  
**Contact No:** 8630657006

## **8. LANGUAGE AND MODE OF COMMUNICATING FAIR PRACTICE CODE**

Fair Practices Code (which shall preferably be in the vernacular language, or a language as understood by the borrower). The same shall be put up on the website, for the information of various stakeholders.

## **9. LOAN FACILITIES TO THE PHYSICALLY/VISUALLY CHALLENGED**

The company shall not discriminate in extending products and facilities including loan facilities to physically/visually challenged applicants on grounds of disability. All branches shall render all possible assistance to such persons for availing of the various business.

## **10. ADHERENCE TO FAIR PRACTICES CODE IN CASE OF DIGITAL LENDING**

## **AND RECOVERY OF LOAN**

The Company, irrespective of whether lending is through their own digital lending platform, will adhere to the Fair Practices Code guidelines in letter and spirit.

Company has not any recovery agents for the purpose of recovery of Digital loans. Recovery Agents shall adhere to Company's Fair Practices Code as also their own code for collection of dues in case of physical loan.

### **11. VALIDITY**

The Policy shall be valid till next review by Board of Directors, as applicable.

### **12. FORCE MAJEURE**

The various commitments outlined and made by the Company shall be applicable under the normal operating environment. In the event of any Force Majeure circumstances, the Company may not be able to fulfil the objectives under the FPC to the entire satisfaction of the borrowers, the stakeholders and the public in general.

### **13. PRIVACY AND CONFIDENTIALITY**

All Personal Information of the borrowers shall be treated as Private and Confidential and shall be guided by the following principles & policies. We shall not reveal Information or data relating to borrower accounts, whether provided by the customers or otherwise, to anyone, including our affiliates other than in the following exceptional cases:

- If the Company is required to provide the information to any statutory or regulatory body or bodies or otherwise required under any law;
- If arising out of a duty towards the public to reveal the information;
- If our interests require us to give the Information (for example, to prevent fraud) but it shall not be used as a reason for giving information about the borrower or borrower's accounts (including customer name & address) to anyone else for marketing purposes;
- If the borrower has authorized the Company to provide such information to its group / associate/ entities or companies or any such person/ entity as specifically agreed upon;
- If we are asked to give a reference about a borrower, we shall obtain his / her written

- permission before giving it;
- The borrower shall be informed the extent of his / her rights under the existing legal framework for accessing the personal records that we hold about him / her;
  - We shall not use borrower's personal information for marketing purposes by anyone including ourselves unless the customer specifically authorizes us to do so.

#### **14. REVIEW**

The Company's Board of Director have been entrusted with the responsibility of enforcement of this Code. They are hereby given absolute power to jointly or severally, make necessary changes, amendments or additions or removals for the operational aspects of the Code within the overall spirit and guidance from time to time for reasons like technology or process upgradation, regulatory changes, maintaining competitive edge or responding to changes in market or risk environment, etc. This is required to ensure full operational freedom to the senior management and make the management team more adaptive to rapid changing external environment. All changes so made shall be noted to the Code approving authority during the next Code review.

The Board of Director can decide on delegation of authority and can design / redesign MIS systems and reporting as they see fit to improve the responsibility and accountability within the team hierarchy.