SATIN Creditcare Network Limited

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Statement of Confidentiality

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1. Abbreviation Table

For the purpose of this Policy, the following abbreviations shall have the meanings assigned to them below. Unless the context otherwise requires, these abbreviations shall be read consistently across this document.

Abbreviation	Full Form / Description
CIC	Credit Information Company
JLG	Joint Liability Group
MFIN	Microfinance Institutions Network
RBI	Reserve Bank of India
SCNL	Satin Creditcare Network Limited
BGV	Background Verification
KYC	Know Your Customer

2. Introduction

Satin Creditcare Network Limited ("SCNL" or "the Company") has adopted this Policy on Fair Practices Code ("FPC") in accordance with the directions issued by the RBI to ensure fair, transparent, and ethical conduct in all lending and recovery activities. The Fair Practices Code is a key regulatory and governance requirement applicable to all Non-Banking Financial Companies (NBFCs), including NBFC-Microfinance Institutions, and is intended to safeguard borrower interests while promoting responsible and sustainable lending practices.

This Policy is framed in compliance with applicable RBI circulars, master directions, and regulatory frameworks governing NBFCs and microfinance lending, including the Regulatory Framework for Microfinance Loans and the Scale Based Regulation framework. In addition, the Policy draws upon the industry codes of conduct, customer protection principles, and best practices prescribed by SROs.

Through this Policy, SCNL reiterates its commitment to transparency, non-discrimination, borrower dignity, responsible lending, ethical recovery practices, and effective grievance redressal. The Policy serves as a guiding framework for all employees, representatives, and service providers of the Company while dealing with existing and prospective customers.

3. Objective

The primary objective of this Policy on Fair Practices Code is to institutionalize fair, ethical, and transparent practices across all stages of the loan lifecycle, from borrower acquisition and loan appraisal to disbursement, servicing, recovery, and closure.

Specifically, this Policy aims to ensure that:

- borrowers are provided with clear, accurate, and timely information to enable informed decision-making;
- lending decisions are based on responsible credit assessment and repayment capacity, thereby preventing over-indebtedness;
- interest rates, charges, penalties, and terms of lending are transparent, reasonable, and compliant with regulatory norms;
- borrower dignity, privacy, and confidentiality are respected at all times;
- recovery processes are non-coercive, respectful, and aligned with ethical standards; and
- grievances are addressed promptly, fairly, and through an accessible redressal mechanism.

This Policy also seeks to promote a culture of accountability within SCNL by clearly defining the standards of conduct expected from employees and outsourced partners while ensuring oversight by senior management

4. Scope And Applicability

This Policy on Fair Practices Code shall apply to all lending and customer-facing activities of the Company, irrespective of the loan product, geography, delivery channel, or borrower segment.

The Policy is applicable to:

- all loan products offered by SCNL, including microfinance and allied lending products;
- all employees of the Company, including permanent, contractual, and temporary staff;
- all agents, business correspondents, outsourced service providers, and recovery personnel engaged by or acting on behalf of SCNL; and

- all interactions with prospective borrowers, existing customers, and former borrowers, covering the entire duration of the customer relationship.

5. Governance and Policy Review

This Policy shall be owned and administered by the Operational Excellence & Process Re-Engineering Department. Any amendments shall be undertaken based on regulatory changes, audit observations, or operational requirements, with approval from the designated authority/committee. The Board of Directors shall review this Policy at least once every year.

6. Fair Practices Code Adopted by the Company

The Company is committed to conducting its lending and recovery activities in a fair, transparent, ethical, and customer-centric manner. In furtherance of this commitment, SCNL has adopted the following FPC, which shall govern all interactions with prospective and existing borrowers throughout the loan lifecycle.

6.1. Applications for Loans and Their Processing

SCNL shall ensure that all loan application forms are comprehensive and contain all material information that may have a bearing on the borrower's interests. The application form shall clearly disclose the key features of the loan, applicable terms and conditions, pricing elements, and the documentation required for processing the application. This is intended to enable borrowers to make informed decisions and meaningful comparisons with loan offerings from other regulated entities.

The Company shall maintain a formal acknowledgement mechanism for all loan applications received. Such acknowledgement shall also indicate the indicative timeframe within which the application will be processed and a decision communicated to the borrower.

To ensure transparency in pricing, SCNL shall provide all prospective borrowers with a standardized and simplified KFS. The KFS shall clearly disclose the total cost of the loan, including interest rates, fees, and charges payable to SCNL and/or its partners or agents. No charge shall be levied on the borrower unless it is explicitly disclosed in the KFS.

6.2. Loan Appraisal and Communication of Terms and Conditions

SCNL shall carry out loan appraisal in a prudent and responsible manner, with due regard to the borrower's repayment capacity. Upon sanction of the loan, the sanctioned amount and all applicable terms and conditions, including the annualized rate of interest and the method of its application, shall be communicated to the borrower in writing. Such communication shall be in the vernacular language or a language understood by the borrower. Borrower acceptance of the sanctioned terms and conditions shall be appropriately recorded prior to disbursement.

SCNL does not levy penal interest on delayed payments. Any penalty, if applicable, shall be charged only on the overdue amount and not on the entire loan outstanding. Details of such penalties shall be clearly disclosed and highlighted in the loan agreement.

A copy of the executed loan agreement, preferably in the vernacular language, along with all documents and enclosures referred to therein, shall be provided to the borrower at the time of loan sanction or disbursement.

6.3. Disbursement of Loans and Changes in Terms and Conditions

Loan disbursement shall be carried out strictly in accordance with the sanctioned terms and in a timely manner. Any change in the terms and conditions of the loan, including changes relating to interest rates, disbursement schedules, service charges, or prepayment terms, shall be communicated to the borrower in advance, in the vernacular language or a language understood by the borrower. Such changes shall be implemented only prospectively, and this principle shall be expressly incorporated in the loan agreement.

Any decision relating to recall of the loan or acceleration of repayment or performance shall be taken strictly in accordance with the terms and conditions of the loan agreement and applicable law.

Wherever applicable, any security accepted by SCNL shall be released within thirty days of full repayment or settlement of all dues, subject to the Company's legitimate right of lien or set-off, if any. In the event of exercise of such right, the borrower shall be informed with full particulars. As a matter of current practice, SCNL does not collect any collateral or security margin for its loan products.

6.4. 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 of the SCNL shall render all possible assistance to such persons for availing of the various business facilities. The SCNL shall include a suitable module containing the rights of persons with disabilities guaranteed to them by the law and international conventions, in all the training programmes conducted for their employees at all levels. Further, the SCNL shall ensure redressal of grievances of persons with disabilities under the Grievance Redressal Mechanism already set up by them.

6.5. General Conduct

SCNL shall not interfere in the affairs of the borrower except for purposes expressly provided under the loan agreement or where material information not disclosed earlier comes to the Company's notice.

Requests from borrowers for transfer of loan accounts shall be dealt with in a transparent manner. The Company shall convey its consent or objection, if any, within twenty-one days from the date of receipt of such request, in accordance with contractual terms and applicable laws.

As a regulated entity, SCNL shall remain fully responsible and accountable for the actions and conduct of its employees and outsourced service providers. The Company shall ensure that all personnel interacting with borrowers are adequately trained and that customer grievances are addressed in a timely and effective manner.

SCNL shall not charge any foreclosure or prepayment penalty on floating rate term loans sanctioned to individual borrowers. Any penalty for delayed payment shall be limited strictly to the overdue amount.

6.6. Responsibility of the Board of Directors

The Board of Directors shall have overall responsibility for ensuring adherence to the Fair Practices Code. The Board shall establish an effective grievance redressal mechanism to address disputes arising from the decisions or actions of SCNL's functionaries, ensuring that such grievances are reviewed at an appropriate higher level.

The Company shall prominently display the name and contact details of the Grievance Redressal Officer at all branches and business locations. In the event a complaint is not resolved within one month, borrowers shall be informed of their right to approach the appropriate office of the RBI.

In compliance with the Integrated Ombudsman Scheme for NBFCs, 2021, SCNL shall appoint a Principal Nodal Officer or Nodal Officer with Board approval. The Board shall also periodically review compliance with the Fair Practices Code and the effectiveness of the grievance redressal mechanism, based on consolidated reports submitted at prescribed intervals.

6.7. Regulation of Excessive Interest and Handling of Complaints

SCNL shall adopt a Board-approved interest rate model that factors in the cost of funds, operating costs, margin, and risk premium. The applicable interest rate and the rationale for differential pricing, wherever applicable, shall be disclosed in the loan application form and sanction communication.

Interest rates, fees, and charges shall be transparently disclosed through the Company's website and other appropriate public disclosures and updated as and when changes occur. All interest rates shall be expressed on an annualized basis, and any revisions shall be communicated in advance and applied prospectively.

The Company shall ensure that interest rates and charges are fair and not excessive, and that pricing decisions remain aligned with regulatory prescriptions and market conditions.

6.8. General Fair Practices

The Fair Practices Code shall be displayed in local languages at all SCNL offices and on the Company's website. A statement affirming SCNL's commitment to transparency and fair lending shall be displayed at office premises and reflected in loan cards.

Field staff shall be adequately trained to assess borrower income, expenses, and indebtedness, and any borrower education or training provided by the Company shall be free of cost. Details of the effective interest rate and grievance redressal mechanism shall be displayed prominently at offices, in borrower literature, and on the website.

SCNL shall comply fully with RBI's KYC guidelines. Non-credit products, if offered, shall be issued only with explicit borrower consent and full disclosure of applicable charges. Loan approvals and disbursements shall be centrally controlled and supervised to ensure operational integrity and timely delivery.

6.9. Disclosures in Sanction Letter, Promissory Note, and Loan Card

SCNL shall use a Board-approved standard loan agreement, preferably in the vernacular language. The sanction letter and loan agreement shall clearly disclose all terms and conditions, the Key Fact Statement, pricing details, penalties applicable only on overdue amounts, moratorium period, confirmation of non-collection of security deposits, and borrower data privacy assurances.

The loan card shall reflect the effective rate of interest, repayment acknowledgements, borrower identification details, and full particulars of the grievance redressal mechanism, including contact details of the Principal Nodal Officer. All entries shall be made in the vernacular language.

6.10. Non-Coercive Methods of Recovery

SCNL shall follow non-coercive, dignified, and lawful recovery practices. Recovery shall ordinarily be conducted at designated central locations mutually agreed upon with borrowers. Doorstep collection shall be undertaken only where the borrower fails to appear at the central location on two or more consecutive occasions.

The Company shall maintain a Board-approved Code of Conduct governing recruitment, training, supervision, and conduct of recovery personnel. Staff compensation structures shall prioritize service quality and borrower satisfaction over recovery volumes. Harsh, abusive, or misleading recovery practices are strictly prohibited.

SCNL shall have a mechanism to identify borrowers facing repayment difficulties and to engage with them constructively, including providing guidance on available options.

6.11. Educational Eligibility and Background Verification

All candidates proposed for employment with the Company, particularly those in customer-facing roles, shall meet the prescribed minimum educational eligibility criteria. As a minimum requirement, candidates must have successfully completed 10+2 or an equivalent qualification from a recognized board or institution.

Prior to confirmation of employment, the Company shall conduct a educational qualifications, and previous employment history, along with any other checks considered necessary under internal policies and regulatory expectations.

In addition, an Employee Bureau Check through Equifax or any other approved credit information company shall be carried out to assess the candidate's background and credit profile. Appointment or confirmation of employment shall be subject to satisfactory completion of all verification requirements.

6.12. Customer Protection Initiatives

SCNL shall give due importance to protecting the interests of its borrowers. The Company shall invest adequate effort and resources in the proper formation and strengthening of JLGs. This shall include basic orientation and training of group members to help them understand group responsibilities, repayment discipline, and the effective functioning of the group after formation.

SCNL shall follow responsible lending practices and extend loans only after assessing the borrower's ability to repay. The Company should also educate borrowers on the importance of using credit wisely and avoiding unnecessary or excessive borrowing. These efforts are intended to support informed decision-making, financial discipline, and long-term financial stability of borrowers.