

Swarna Pragati Housing Microfinance Pvt. Ltd.



FAIR PRACTICE CODE

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Fair Practice Code

This Code has been formulated by Swarna Pragati Housing Microfinance Private Limited ("Swarna Pragati"), the "Company", as per Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 issued by Reserve Bank of India vide Circular No. RBI/2020-21/73 DOR.FIN.HFC.CC. No.120/03.10.136/2020-21 dated 17th February, 2021 on Fair Practices Code for Housing Finance Companies.

• Objectives & Application

Objectives

- a) To promote good and fair practices by setting minimum standards in dealing with the Customers.
- b) To increase transparency so that the Customers can have a better understanding of the services expected.
- c) To promote a fair relationship between the Company and the Customer.
- d) To encourage market forces, through fair competition, to achieve higher operating standards.
- e) To foster confidence in the housing finance system overall.

Application of the Code

All parts of this Code apply to all the products and services, whether they are provided by the Company across the counter, over the phone, by post, through interactive electronic devices, on the internet or by any other method.

Acting fairly and in a transparent manner

The Company will act fairly and reasonably in all dealings with Customers, by ensuring that:

- a) The Company meets the commitments and standards in this Code for the products and services they offer and, in the procedures, and practices their staff follows.
- b) The Company's products and services meet relevant laws and regulations in letter and spirit.
- c) The Company's dealings with Customers' rest on ethical principles of integrity and transparency.

The Company will transparently disclose to the borrower all information about fees/charges payable for processing the loan application, the amount of fees refundable if loan amount is not sanctioned/disbursed, pre-payment options and charges, if any, 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 will disclose 'all in cost' inclusive of all charges involved in processing/sanction of loan application in a transparent manner. It will also be ensured that such changes/fees are non-discriminatory.

• Advertising, Marketing and Sales

Swarna Pragati will:

- a) Ensure that all advertising and promotional material is clear, factual and not misleading.
- b) 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, Swarna Pragati will also indicate whether other fees and charges will apply and that full details of the relevant terms and conditions are available on request.
- c) Swarna Pragati will provide information on interest rates, common fees and charges by putting up notices in its branches; through telephone or help-lines; on the Company's website; through designated staff / help desk; or providing service guide / tariff schedule.
- d) If Swarna Pragati avails of the services of third parties for providing support services, Swarna Pragati will require that such third parties handle Customer's personal information (if any available to such third parties) with the same degree of confidentiality and security as Swarna Pragati would.
- e) Swarna Pragati may, from time to time, communicate to Customers various features of their products availed by them. Information about its other products or promotional offers in respect of products/services, may be conveyed to Customers 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.
- f) Prescribe a code of conduct for its Direct Selling Agencies (DSAs), if used to market products/services, which amongst other matters will require them to identify themselves when they approach the Customer for selling products personally or through phone. SPHM shall adopt the Model Code of Conducts for Direct Selling Agents (DSAs)/ Direct Marketing Agents (DMAs) as per Annex X with the approval of Board.
- g) In the event of receipt of any complaint from the Customer that Swarna Pragati's representative/courier or DSA has engaged in any improper conduct or acted in violation of this Code, appropriate steps will be initiated to investigate and to handle the complaint and to make good the loss.

• Loans

Applications for loans and their processing

- i. All communications to the borrower shall be in the vernacular language or a language as understood by the borrower
- ii. The Company shall transparently disclose to the borrower all information about fees/ charges payable for processing the loan application, the amount of fees refundable if 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 of all charges involved in processing/ sanctioning of loan application in a transparent manner. It should also be ensured that such charges/ fees are non-discriminatory.

- iii. Loan application forms will include necessary information which affects the interest of the borrower, so that a meaningful comparison with the terms and conditions offered by other HFCs can be made and informed decision can be taken by the borrower. The loan application form will indicate the list of documents required to be submitted with the application form.
- iv. The Company shall have a system of giving acknowledgement for receipt of all loan applications. The time frame within which loan applications will be disposed of will also be indicated in the acknowledgement.

Loan appraisal and terms/conditions

- i. Normally all particulars required for processing the loan application shall be collected by the Company at the time of application. In case it needs any additional information, the Customer will be told that he would be contacted immediately again.
 - ii. The Company shall convey in writing to 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 and keep the written acceptance of these terms and conditions by the borrower on its record.
 - iii. The Company shall invariably furnish a copy of the loan agreement along with a copy each of all enclosures quoted in the loan agreement to every borrower at the time of sanction / disbursement of loans.
 - iv. The Company shall mention the penal interest charged for late repayment in bold in the loan agreement.
 - v. 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 every borrower at the time of sanction/ disbursement of loans, against acknowledgement.
 - vi. If the Company cannot provide the loan to the Customer, it shall communicate in writing the reason(s) for rejection.
- **Disbursement of loans including changes in terms and conditions**
 - i. Disbursement will be made in accordance with the disbursement schedule given in the Loan Agreement/Sanction Letter or per the Agreement for Sale which covers terms of payment by the Customer and the builder (in the case of under construction properties) which would need to be confirmed and accepted by Swarna Pragati.
 - ii. Swarna Pragati will give notice to the borrower in the vernacular language or a language as understood by the borrower, of any change in the terms and conditions including disbursement schedule, interest rates, service charges, penal interest, prepayment charges, other applicable fee/ charges etc. Swarna Pragati will also ensure that changes in interest rates and charges are effected only prospectively. A suitable condition in this regard should be incorporated in the loan agreement.

- iii. If such change is to the disadvantage of the Customer, he/she may within 60 days and without notice close his account or switch it without having to pay any extra charges or interest.
- iv. Decision to recall / accelerate payment or performance under the agreement or seeking additional securities, will be in consonance with the loan agreement.
- v. Swarna Pragati will 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 Swarna Pragati may have against the borrower. If such right of set off is to be exercised, the borrower will be given notice about the same with full particulars about the remaining claims and the conditions under which Swarna Pragati is entitled to retain the securities till the relevant claim is settled /paid.

- **Loans sourced over Digital Lending Platforms**

Outsourcing of any activity by SPHM does not diminish their obligations, as the onus of compliance with regulatory instructions rests solely with them. Wherever HFCs engage digital lending platforms as their agents to source borrowers and/ or to recover dues, they must follow the following instructions:

1. Names of digital lending platforms engaged as agents shall be disclosed on the website of HFCs.
2. Digital lending platforms engaged as agents shall be directed to disclose upfront to the Customer, the name of the HFC on whose behalf they are interacting with him.
3. Immediately after sanction but before execution of the loan agreement, the sanction letter shall be issued to the borrower on the letter head of the HFC concerned.
4. A copy of the loan agreement along with a copy each of all enclosures quoted in the loan agreement shall be furnished to all borrowers at the time of sanction/ disbursement of loans.
5. Effective oversight and monitoring shall be ensured over the digital lending platforms engaged by the HFCs.
6. Adequate efforts shall be made towards creation of awareness about the grievance redressal mechanism.

SPHM shall also comply with the instructions contained in [circular on 'Guidelines on Digital Lending' dated September 02, 2022](#), as amended from time to time

- **Guarantors**

When a person is considering being a guarantor to a loan, he will be informed about

- a) his/her liability as guarantor;
- b) the amount of liability he will be committing himself to the Company;
- c) circumstances in which Swarna Pragati will call on him to pay up his liability;
- d) whether Swarna Pragati has recourse to his other monies in the Company if he fails to pay up as a guarantor;
- e) whether his/her liabilities as a guarantor are limited to a specific quantum or whether unlimited; and
- f) time and circumstances in which his liabilities as a guarantor will be discharged as also the manner in which Swarna Pragati will notify him about this.

- g) in case the guarantor refuses to comply with the demand made by the creditor/lender, despite having sufficient means to make payment of the dues, such guarantor would also be treated as a wilful defaulter. Swarna Pragati will keep him/her informed of any material adverse change/s in the financial position of the borrower to whom he stands as a guarantor.

- **Privacy and Confidentiality**

All personal information of Customers will be treated as private and confidential (even when the Customers are no longer Customers), and will be guided by the following principles and policies. Swarna Pragati will not reveal information or data relating to Customer accounts, whether provided by the Customers or otherwise, to anyone, including other entities in Swarna Pragati's 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 Swarna Pragati's interests require them to give the information (for example, to prevent fraud) but it will 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 Swarna Pragati to reveal the information, or with the Customer's permission;
- e) If Swarna Pragati is asked to give a reference about Customers, it will obtain his written permission before giving it;
- f) The Customer will be informed the extent of his rights under the existing legal framework for accessing the personal records that Swarna Pragati holds about him;
- g) Swarna Pragati will not use Customer's personal information for marketing purposes by anyone including Swarna Pragati unless the Customer specifically authorizes Swarna Pragati to do so.

- **Credit reference agencies**

- a) When a customer opens an account, Swarna Pragati will inform him that it will pass his account details to credit reference agencies and Swarna Pragati will make checks with them.
- b) Swarna Pragati may give information to credit reference agencies about the personal debts the Customer owes them if:
 - i. the Customer has fallen behind with his payments;
 - ii. the amount owed is in dispute; and
 - iii. the Customer has not made proposals that Swarna Pragati is satisfied with, for repaying his debt, following Swarna Pragati's formal demand.
- c) In these cases, Swarna Pragati will intimate the Customer in writing that they plan to give information about the debts the Customer owes it to credit reference agencies. At the same time, Swarna Pragati will explain to the Customer the role of credit reference agencies and the effect the information they provide can have on

Customer's ability to get credit.

- d) Swarna Pragati will give credit reference agencies other information about the Customer's account if the Customer has given them his permission to do so.
- e) A copy of the information given to the credit reference agencies will be provided by Swarna Pragati to a Customer, if so demanded.

- **Collection of Dues**

- a) Whenever loans are given, Swarna Pragati will explain to the Customer the repayment process by way of amount, tenure and periodicity of repayment. However, if the Customer does not adhere to the repayment schedule, a defined process in accordance with the laws of the land will be followed for recovery of dues. The process will involve reminding the Customer by sending him notice or by making personal visits and / or repossession of security if any.
- b) Swarna Pragati's collection policy will be built on courtesy, fair treatment and persuasion, and will be aimed at fostering Customer confidence and a long- term relationship. Swarna Pragati's staff or any person authorized to represent it in collection of dues and / or security repossession will identify himself and display the authority letter issued by Swarna Pragati and upon request, display his identity card issued by Swarna Pragati or under authority of the Company. Swarna Pragati will provide Customers with all the information regarding dues and will endeavour to give sufficient notice for payment of dues.
- c) All the members of the staff or any person authorised to represent Swarna Pragati in collection and / or security repossession will follow the guidelines set out below:
 - i. Customers will be contacted ordinarily at the place of his choice and in the absence of any specified place at the place of his residence and if unavailable at his residence, at the place of business / occupation.
 - ii. Identity and authority to represent Swarna Pragati will be made known to the Customer at the first instance.
 - iii. Customer's privacy will be respected.
 - iv. Interaction with the Customer will be in a civil manner.
 - v. Swarna Pragati's representatives will contact Customers between 0700 hrs and 1900 hrs, unless the special circumstances of the Customer's business or occupation require otherwise.
 - vi. Customer's request to avoid calls at a particular time or at a particular place will be honored as far as possible.
 - vii. Time and number of calls and contents of conversation will be documented.
 - viii. All assistance will be given to resolve disputes or differences regarding dues in a mutually acceptable and in an orderly manner.
 - ix. During visits to Customer's place for dues collection, decency and decorum

will be maintained.

- x. Inappropriate occasions such as bereavement in the family or such other calamitous occasions will be avoided for making calls/visits to collect dues.

- **Complaints and Grievances**

- a) Swarna Pragati will make available facilities at each of its branches and offices for the Customers to lodge and/or submit their complaints or grievances, if any. Alternatively, Customers can contact us at 0712-2585800 or email us at contact@sphm.co.in or write to us at:

Ms. Swati Rawat

Grievance Redressal Officer

Swarna Pragati Housing Microfinance Private Limited ("Swarna Pragati")

142, Golcha House, New Colony,

Byramji Towns, Sadar Nagpur, Maharashtra 440001

Contact No.: +91 9607954711

- b) The Board of Directors of Swarna Pragati should lay down the appropriate grievance redressal mechanism within the organization to resolve complaints and grievances. Such a mechanism should ensure that all disputes arising out of the decisions of lending institution's functionaries are heard and disposed of at least at the next higher level.
- c) Customer will be told where to find details of Swarna Pragati's procedure for handling complaints fairly and quickly.
- d) If the Customer wants to make a complaint, he/she will be told:
 - I. How to do this
 - II. Where a complaint can be made
 - III. How a complaint should be made
 - IV. When to expect a reply
 - V. Whom to approach for redressal
 - VI. What to do if the Customer is not happy about the outcome.
 - VII. Swarna Pragati's staff shall help the Customer with any questions the Customer has.
- e) If a complaint has been received in writing from a Customer, Swarna Pragati will endeavour to send an acknowledgement / a response within a week. The acknowledgement will contain the name & designation of the official who will deal with the grievance. If the complaint is relayed over phone at Swarna Pragati's designated telephone helpdesk or Customer service number, the Customer will be provided with a complaint reference number and be kept informed of the progress

within a reasonable period of time.

- f) After examining the matter, Swarna Pragati will send the Customer its final response or explain why it needs more time to respond and will endeavour to do so within six weeks of receipt of a complaint and he will be informed how to take his complaint further if he is still not satisfied.
- g) Swarna Pragati shall publicize its grievance redressal procedure and ensure that it is specifically made available on its website. HFC shall clearly display in all its offices / branches and on the website that in case the complaint does not receive response from the Company within reasonable time or is dissatisfied with the response received, the complainant may approach the National Housing Bank and raise online complaint through <https://grids.nhbonline.org.in/> or can write to the following address-

National Housing Bank,
Department of Regulation and Supervision,
(Complaint Redressal Cell),
4th Floor, Core 5A, India Habitat Centre, Lodhi
Road, New Delhi - 110003.

- **General**

- i. SPHM shall refrain from interference in the affairs of the borrower except for the purposes provided in the terms and conditions of the loan agreement (unless information, not earlier disclosed by the borrower, has been noticed).
- ii. In case of receipt of request from the borrower for transfer of borrowers account, the consent or otherwise i.e. objection of the, if any, shall be conveyed within 21 days from the date of receipt of request. Such transfer shall be as per transparent contractual terms in consonance with law.
- iii. Whenever loans are given, HFCs shall explain to the Customer 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.
- iv. In the matter of recovery of loans, an HFC shall not resort to harassment viz. persistently bothering the borrowers at odd hours, use muscle power for recovery of loans etc. As complaints from Customers also include rude behavior from the staff of the companies, HFCs shall ensure that the staff is adequately trained to deal with the Customers in an appropriate manner
- v. The Bank has formulated the guidelines (as per Annex XI) for engaging Recovery Agents, for adoption by the HFCs with the approval of their respective Boards
- vi. HFCs shall not charge pre-payment levy or penalty on pre-closure of housing loans under the following situations:
- vii. Where the housing loan is on floating interest rate basis and pre-closed from any source.
- viii. Where the housing loan is on fixed interest rate basis and the loan is pre-closed by the borrower out of their own sources.
- ix. The expression "own sources" for the purpose means any source other than by

borrowing from a bank/ HFC/ NBFC and/or a financial institution.

- x. 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. This applied to all such dual/ special rate housing loans being foreclosed hereafter. It is also clarified that a fixed rate loan is one where the rate is fixed for entire duration of the loan.
- xi. HFCs 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).
- xii. To facilitate quick and good understanding of the major terms and conditions of housing loan agreed upon between HFC and the individual borrower, HFCs shall obtain a document containing the most important terms and conditions (MITC) of such loan in all cases in the suggestive format as per Annex XII. The document will be in addition to the existing loan and security documents being obtained by the HFCs. HFCs are advised to prepare the said document in duplicate and in the language understandable by the borrower. Duplicate copy duly executed between the HFC and the borrower should be handed over to the borrower under acknowledgement.
- xiii. 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 HFCs. HFCs shall follow the instructions on "Notice Board", "Booklets/ Brochures", "Website", "Other Modes of Display" and on "Other Issues" as per Annex XII.
- xiv. HFC shall display about their products and services in any one or more of the following languages: Hindi, English or the appropriate local language.
- xv. HFCs shall not discriminate on grounds of sex, caste and religion in the matter of lending. Further, HFCs 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 HFCs from instituting or participating in schemes framed for different sections of the society
- xvi. To publicise the Code, HFCs shall:
 - provide existing and new Customers with a copy of the Code;
 - make this Code available on request either over the counter or by electronic communication or mail;
 - make available this Code at every branch and on their website; and ensure that their staff are trained to provide relevant information about the Code and to put the Code into practice.