



SONATA Finance Pvt. Ltd.

II Floor, CP-1, PF Towers,

Kursi Road, Vikas Nagar, Lucknow 226026, U.P. India

Telephone: 91-532-2441347,2441855

CIN No : U65921UP1995PTC035286

Website-www.sonataindia.com

E-mail-info@sonataindia.com

NBFC Regn. No: B-12.00445

Updated Fair Practice Code “FPC” of Sonata Finance Private Limited pursuant to guidelines of Reserve Bank of India vide its circular no. RBI/2012-13/416 DNBS.CC.PD.No.320/03.10.01/2012-13 dated February 18, 2013 and Master Circular no. RBI/2015-16/16 DNBR (PD) CC.No.054/03.10.119/2015-16 dated July 01, 2015.

Sonata Finance Pvt. Ltd. has adopted the fair practice code as outlined below to conduct business transactions and implement procedures in conformity with the Reserve Bank of India guidelines

General Guidelines-

A.	I. <u>Applications for Loans and their processing</u> a. All communications with the borrower shall be in Vernacular language or a language as understood by the borrower. b. The Loan application form of the company include all the essential information which affects the interest of the borrower, to enable the borrower to make a meaningful comparison with the terms and conditions offered by other Micro Finance Institutions. The borrower has to submit the following documents along with the application to obtain loan from Sonata:- <ul style="list-style-type: none">• KYC Document in support of identity and address of borrower as prescribed by RBI• Joint Passport size photograph with spouse /elder son/Guardian• Demand Promissory Note and Sonata will provide Demand Promissory Receipt to the Borrower. c. The company shall issue an acknowledgement for receipt of all loan applications. The time frame within which loan applications will be disposed of shall also be indicated in the acknowledgement. d. The company shall, unless otherwise as may be mandated by the Reserve Bank of India, not take any security for the loan being disbursed to the borrower.
	II. <u>Loan appraisal and terms/conditions</u> The concerned staff of Sonata will convey in writing to the borrower in the vernacular language either through a Sanction letter or otherwise the following: <ul style="list-style-type: none">• The amount of loan sanctioned along with the terms and conditions applicable thereof• Annualized rate of interest as applicable for the loan and the method for calculation thereof• The company shall keep the acceptance of the borrower to the terms and conditions as contained in the Sanction letter or any other related document



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	<ul style="list-style-type: none">• Penal interest charged for late repayment should be mentioned in bold in the loan agreement.• No Penalty shall be charged for any pre payment of loan.• The concerned staff should furnish copy of loan agreement to the borrower in Vernacular language along with all the enclosures quoted in the loan agreement at the time of disbursement of loans
	III. <u>Disbursement of loans including changes in terms and conditions</u>
	<ul style="list-style-type: none">a. Sonata will give notice to the borrower in Hindi or a language as understood by the borrower of any change in the terms and conditions including disbursement schedule, interest rates, service charges, prepayment charges etc. Sonata will also ensure that changes in interest rates and charges are affected only prospectively and a condition in this regard shall be incorporated in the loan agreement.b. Decision to recall / accelerate payment or performance under the agreement will be in consonance with the loan agreementc. The company shall complete the following documentation before the disbursement of loan:<ul style="list-style-type: none">• Base Line Data Forms “BLDF”• Joint Liability Group Form “JLGF”• Poverty Power Index Application• The acceptance of the terms and conditions by the borrower
	IV. <u>General</u>
	<ul style="list-style-type: none">a. Sonata will refrain from interference in the affairs of the borrower except for the purposes provided in the terms and conditions of the loan agreement unless new information, not earlier disclosed by the borrower, has come to the notice of Sonata.b. In the matter of recovery of loans, the Sonata will not resort to undue harassment viz. persistently bothering the borrowers at odd hours, use of muscle power for recovery of loans etc.c. Sonata will ensure that its staffs are adequately trained to deal with the customers in an appropriate manner without resorting to rude behavior.d. Sonata will not charge any foreclosure charges/pre-payment penalties on any foreclosure of the loan by the borrower.
	V. <u>Grievance Redress Mechanism</u>
	<ul style="list-style-type: none">a. Sonata has appropriate and streamline Client Grievance Redress Mechanism in place wherein the complaints and queries of its clients are



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captured through the telephonic conversation, emails, drop box by and with the aggrieved client or her relative.

- b.** Sonata has set up the Landline TOLL FREE Number; the number will be printed & reflected on all the printed material such as client Loan Card, Loan Application Form, etc and displayed at the branches.
- c.** Grievances will be handled by the designated officer who will register the client complaints after clear understanding of the nature and type of the grievance, he/she will find the instant solution if possible, or in other case he/she will find out the corrective measurement with subsequent discussion with concerned branch incharges, supervisors, or the Operations team for the particular complaint so lodged and will ensure to provide satisfaction to client with prompt solution.
- d.** In case the client is not satisfied with the outcome provided subsequent upon discussion with concerned supervisors or from investigation or the complaint is not resolved within 7 days, the matter will refer to the Grievance Redressal Committee, who will investigate the issue and will take the necessary steps with due consideration and verification. The compliance of Fair Practices Code shall be reviewed through the Internal Audit Reports, being placed before the directors of the company.
- e.** In case of any staff is found involved in any kind of misbehavior or misconduct, disciplinary action against accused such staff shall be taken immediately.
- f.** All the branches shall have a suggestion and complaint box where the clients can post their grievances.
- g.** The client shall have free and full access to lodge their inquiries, or complaints at the concerned branch office or to the Customer Care Cell during working hours between 9:30 am to 5:30 pm and on Saturday from 9:30 to 2:30 pm:

Name	Ms. Poonam Dhuriya
Designation	Customer Care Executive
Contact Address	125B/6B, Pt. Madan Mohan Malviya Road, George Town, Allahabad- 211001 (UP).
Toll Free access	18002100102
Mobile No.	+91 8400 333 542
Email Id:	Poonam.dhuriya@sonataindia.com

- h.** If the complaint or dispute is not redressed within a period of one month, the client may appeal to the Officer-in-Charge of the Regional Office of Department of Non Banking Supervision of RBI at the below address:-

Designation	General Manager
Contact Address	Department of Non-Banking Supervision,
Contact No.	Reserve Bank of India
Email Id:	M.G. Marg, Kanpur-208001



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	<p>i. A report on client grievance status will be placed & reviewed by the Board of Directors regularly at the interval of three months. The Board will also ensure to periodical review of the compliance of Fair Practices Code.</p>
	<p>VI. <u>Implementation of Code of Conduct</u></p>
	<p>Mr. Davendra Singh, Chief Compliance Officer of the Company is responsible for ensuring the implementation and compliance of the Code.</p>
	<p>VII. Board approved Fair Practices Code (which should preferably in Hindi or a language as understood by the borrower) based on the RBI guidelines will be displayed at the branch premises and put up on the web-site, for the information of various stakeholders</p>
	<p>VIII. <u>Regulation of excessive interest charged by NBFCs</u></p>
	<p>a. The Board of Sonata shall lay out the appropriate internal principles and procedures in determining interest rates and processing and other charges.</p> <p>b. Sonata shall adopt an interest rate model taking into account relevant factors such as, cost of funds, margin and risk premium, etc.</p> <p>c. Sonata will charge uniform interest rate from the all borrower without any discrimination and it will not charge different rate of interest to different categories of borrowers.</p> <p>d. The rate of interest charge shall be displayed at the website and at the each branch premises of Sonata. Any change in the interest rate will be updated at website and explicitly communicated to borrower immediately.</p>

In addition to the general principles as above, Sonata will follow fair practices that are specific to its lending business and regulatory framework.

B.	I. <u>General:</u>
	<p>a. The Fair Practices Code shall be displayed in its office and branch premises in the language understandable to the borrower.,</p> <p>b. A statement shall be made in Hindi and displayed in premises and in loan cards articulating our commitment to transparency and fair lending practices,</p> <p>c. Field staff shall be trained to make necessary enquiries with regard to existing debt of the borrowers,</p> <p>d. Training if any, 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 / other products,</p> <p>e. The effective rate of interest charged and the grievance redressal system set up by Sonata should be prominently displayed in all its offices in Hindi and on website,</p>



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	<p>f. A declaration that the Sonata will be accountable for preventing inappropriate staff behavior and timely grievance redressal shall be made in the loan agreement and also in the FPC displayed in its office/branch premises,</p> <p>g. Sonata shall comply with the KYC Guidelines of RBI. Due diligence shall be carried out to ensure the repayment capacity of the borrowers,</p> <p>h. All sanctioning and disbursement of loans should be done only at our central location and there should be close supervision of the disbursement function,</p> <p>i. Sonata will take adequate steps to ensure that the procedure for application of loan is not cumbersome and loan disbursements are done as per pre-determined time structure.</p>
	<p>II. <u>Disclosure in loan agreement/ loan card</u></p>
	<p>a. Sonata shall at all times have a a Board approved, standard form of loan agreement which shall also be in Hindi or a language as understood by the borrower.</p> <p>b. In the loan agreement of Sonata shall disclose the followings details:-</p> <ul style="list-style-type: none">• All the terms and conditions of the loan,• Pricing of the loan involves only three components viz; the interest charge, the processing charge and the insurance premium (including the administrative charges thereof.)• No penalty is charged on delayed payment,• No Pre-payment charges will collected• No Security Deposit / Margin is being collected from the borrower,• The borrower cannot be a member of more than one SHG / JLG,• Moratorium between the grant of the loan and the due date of the repayment of the first installment (as guided by the NBFC-MFIs (Reserve Bank) Directions, 2011),• An assurance that the privacy of borrower data will be respected. <p>c. The loan card of Sonata shall reflect the following details as specified in the Non-Banking Financial Company - Micro Finance Institutions (Reserve Bank) Directions, 2011.</p> <ul style="list-style-type: none">• The effective rate of interest charged• All other terms and conditions attached to the loan• Information which adequately identifies the borrower• Acknowledgements by Sonata for all repayments including installments received and the final discharge.• The loan card will prominently mention the grievance redressal system set up by Sonata and also the name and contact number of the Customer Care.• Non-credit products issued shall be with full consent of the borrowers and fee structure shall be communicated in the loan card itself.



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	<ul style="list-style-type: none">• Loan Card should be in the Hindi.
	III. <u>Non-Coercive Methods of Recovery</u>
	<p>a. Recovery should be made only at a central designated place.</p> <p>b. Group member shall collect the repayment installment and deposit at Sonata's respective branch or nearby branch on behalf of the group.</p> <p>c. Field staff shall not be allowed to make recovery from the borrowers in any circumstance unless permitted by Sonata or concerned supervisor of the area.</p> <p>d. Sonata shall not outsource recovery agents to collect money from borrowers.</p> <p>e. Staff shall not be allowed to make recovery at the place of residence or work of the borrower only if the borrower fails to appear at the central designated place on 2 or more successive occasions.</p> <p>f. Staffs shall follow the client protection principles adopted by Sonata and should not force the clients for recoveries.</p> <p>g. Sonata shall ensure that a Board approved policy is in place with regard to Code of Conduct by field staff and systems for their recruitment, training and supervision. The Code should lay down the following provisions</p> <ul style="list-style-type: none">• Minimum graduation is necessary for the field staff• Necessary training tools identified for them to deal with the customers.• Training to field staff shall include programs to inculcate appropriate behavior towards borrowers without adopting any abusive or coercive debt collection / recovery practices.• Compensation methods for staff shall have more emphasis on areas of service and borrower satisfaction than merely the number of loans mobilized and the rate of recovery.• Penalties may also be imposed on cases of non-compliance by field staff with the Code of conduct.
	IV. <u>Internal Control System:</u>
	Sonata shall make necessary organizational arrangements to assign responsibility for compliance to designated individuals within the company and establish systems of internal control including audit and periodic inspection to ensure the same.



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C. Industry Code of Conduct

In addition to the above fair practices code, Sonata abides the general Code of conduct in respect of transparency, self discipline, co-ordination among MFIs and Healthy Competition, grievances and redressal Mechanism as set up by Sa-Dhan and Microfinance Institution Network (MFIN) of which Sonata is a member.

D. Sonata Own Code of Conduct

Sonata has put in place its own Code of Conduct since start up of the micro finance activity and follows it in order to ensure carry out ethical, social and professional conduct and business activities and practices to bring the organization to the next level.

This Fair practice code is subject to revision based on RBI Guidelines as may issued or amended from time to time.