



Ananya Finance For Inclusive Growth Private Limited

Fair Practices Code

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Compliance Department

903, 9th Floor, Sakar 9 , B/s Old RBI, Ashram Road, Ahmedabad 380 009.

Ph.: 0091 79 40403030 Email : admin@ananyafinance.com

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Fair Practices Code

Preamble

- This Fair Practices Code (FPC) has been formulated by Ananya Finance for Inclusive Growth Private Limited (Ananya or the Company) pursuant to the Reserve Bank of India's (RBI) guidelines on Fair Practices Code, to be adopted by NBFCs, vide its Notification No. DNBS (PD) CC No.80/03.10.042/2005-06 dated September 28, 2006. The FPC has been approved by the Board of Directors and shall come into effect from December 1, 2021.
- At the core of Ananya's FPC lies its commitment to treat its clients in a fair, equitable and consistent manner to meet the standard practices prevalent in the industry.
- The FPC will apply to all products offered by the Company and would apply across all its operations including origination of the loan proposal, collection of information, appraisal and due diligence, approval, disbursement and collection.
- The code is applicable under normal operating environment except in the event of any force majeure.

Placement of FPC in public domain

- The FPC will be placed in public domain at Ananya's website and will also be placed at the notice boards of all the offices of Ananya. It will be part of all the loan documents as required by regulation and be made available to clients, on request.

Objectives

- The FPC aims at accomplishing following objectives:
 - Promote fair practices by setting minimum standards in dealing with customers.
 - Provide all necessary information and inputs to customers / prospective customers and promote a mutually beneficial long-term relationship.
 - Foster customer confidence in the Company.
 - Follow transparent, fair, ethical and legally tenable practices while conducting business.
 - Set challenging benchmarks and strive to achieve high operating standards for customer satisfaction.
 - Publicize the FPC, as widely as possible, among the target audience.

Loan Application

- All communications to the borrower will be in the vernacular language or in a language as understood by the borrower.

- In the loan application form, Ananya will include necessary information which affects the interest of the borrower, so that a meaningful comparison with the terms and conditions offered by other NBFCs can be made and informed decision can be taken by the borrower.
- The loan application form will indicate the documents required to be submitted with the application form including KYC documents and documents required for credit assessment of the borrower.
- The application will also state the processing charges, fees, and amount of such fees being non-refundable in case of non-acceptance of application.
- Ananya will endeavour to give acknowledgement for receipt of all loan applications. In the acknowledgement form, Ananya would endeavour to stipulate a time frame within which the loan applications will be disposed of.

Loan Appraisal

- Ananya will analyse / verify the information provided by the customer within a reasonable period of time. If additional details / documents are required, Ananya will intimate the customer at the earliest.
- Ananya will ensure that there is proper assessment of each credit application. The assessment would be in line with Ananya's credit and investment policies and procedures.
- If the credit assessment meets all necessary internal credit, legal and compliance requirements and is duly approved, Ananya will convey, in writing, the final terms of sanction to the customer through a sanction letter.

Sanction and disbursement of loan

- A sanction letter/securing documents, in the vernacular language will be issued to all borrowers who have been sanctioned loans.
- The sanction letter/securing documents, inter alia, would contain:
 - The amount of loan sanctioned,
 - Annualized rate of interest,
 - Processing fee/service charges,
 - Repayment schedule,
 - Prepayment charges, if any,
 - Penal interest, if any applicable. Penal interest charged in case of late repayment will be highlighted in bold,
 - Documents to be executed by the borrower, co-borrower and guarantor, if any, before disbursement of the loan,
 - All the covenants and conditions.
- The changes in interest rates and charges, if any would be affected prospectively.

- Ananya would obtain an acceptance of the terms and conditions from the customer, in the vernacular language, and keep the said acceptance on its record.
- A copy of the loan agreement / documentation, along with a copy each of all enclosures quoted in the loan agreement preferably in the vernacular language would be furnished to the customer at the time of sanction/disbursement of loan.
- Ananya will ensure disbursement of loans in conformity with the terms and conditions governing such loans as communicated to the customer.
- Any decision to accelerate payments or recall loan would be in consonance with the loan agreement.
- Ananya would release securities if any taken for the loan, on repayment of all dues, and subject to any legitimate right or lien for any other claim Ananya may have against borrower. If such right of set off is to be exercised, the borrower would be given notice about the same with full particulars about the remaining claims and the conditions under which Ananya is entitled to retain the securities till the relevant claim is settled/ paid.

Changes in terms and conditions

- Any change in terms of conditions like change in interest rate, tenure, all charges/fees would be communicated to the borrower in writing in the vernacular language.

Post-Disbursement Supervision

- Ananya will carry out post-disbursement supervision in accordance with normal business practice, either directly or through its authorised agent(s) (subject to compliance of RBI's Directions on Managing Risks and Code of Conduct in Outsourcing of Financial Services by NBFCs as amended from time to time), the signed facility documentation / term sheet, and the guidelines issued by RBI from time to time.

Regulation of excessive interest charged

- The Board of Directors (BoD) has adopted an interest rate model for determining the rate of interest to be charged on loans and advances, processing and other charges taking into account relevant factors such as, cost of funds, margin and risk premium, etc.
- Ananya will have a (BoD) approved pricing policy made available on the website of the Company and provide to borrowers on request. The policy will be updated from time to time.
- The rate of interest will be annualised rate so that the borrower is aware of the exact rates that would be charged to the account.

Interest Rate Model

- The Reserve Bank of India (RBI) had advised that Boards of NBFCs to lay out appropriate internal principles and procedures in determining interest rates, processing and other charges. RBI further advised the NBFCs to adopt appropriate interest rate model taking into account relevant factors and to disclose the rate of interest, gradations of risk and rationale for charging different rates of interest for different categories of borrowers. Accordingly, Ananya has formulated the following policies on interest rate and gradation of risks and their disclosure.

Interest rate

- The interest rate will be arrived at by Ananya by factoring in a variety of factors including cost of borrowed funds, administrative costs, risk premium, competition, and inherent credit risk in products and borrowers, market liquidity and RBI's policies on credit and liquidity.
- The interest rates chargeable on loans will be approved by the Credit Committee from time to time.

Gradation of risks

- Ananya takes a comprehensive approach to gradation of risks. The interest rate decision factors in:
 - Business and income profile of the applicant
 - Loan ticket size
 - Other financial commitments
 - Applicant's past credit record
 - Applicant's business performance
 - Security of the loan determined by underlying assets
 - Location delinquency and collection performance
 - Credit and default risk in the related business segment (wholesale lending)
 - Credit rating of the applicant and corporate guarantor, if any (Wholesale lending)
- Interest rates will be intimated to the customers at the time of sanction of the loan and the interest and principal repayment schedule will be made available to the customer.
 - Besides interest, other financial charges like processing fees, late payments, RTGS / other remittance charges, etc. if any, levied by Ananya will be duly communicated to the customer. Any revision in these charges would be with prospective effect.
 - Claims for refund or waiver of charges / penal interest / additional interest will be at the sole discretion of Ananya.

Disclosure

- The BoD approved pricing policy containing the interest rate policy and the approach for gradation of risks will be disclosed at Ananya's web-site and updated as and when amended.

General

- Ananya will not cause interference in the day-to-day affairs of the customer except as provided in the terms and conditions of the facility documentation (i.e. unless new information not earlier disclosed by the customer, or the occurrence of a materially adverse event, has come to the notice of Ananya).
- Ananya will not discriminate on grounds of sex, caste and religion in the matter of dealing with its customers. However, this does not preclude Ananya from participating in credit-linked schemes framed for weaker sections of the society.
- Ananya will not charge foreclosure charges/ pre-payment penalties on all floating rate term loans sanctioned to individual borrowers.
- In the matter of recovery of loans, Ananya will adopt legally valid processes and not resort to undue harassment or use of force viz. persistently bothering the borrowers at odd hours, use of muscle power for recovery of loans, etc. Ananya will ensure its staff is adequately trained to deal with the customers in an appropriate manner.
- In case of receipt of request from the borrower for transfer of the loan account, the consent or otherwise would be conveyed within 21 days from the date of receipt of request. Such transfer would be as per transparent contractual terms and in consonance with law.

Micro lending through Business Correspondence or Co-Lending partnerships

- Ananya extends micro loans to borrowers through partnerships with other NBFCs and NBFC-MFIs.
- In addition to the general guidelines as above, Ananya will, while lending to micro borrowers, follow the policy, duly approved by the BoD, containing, inter-alia, the following:

Loan Agreement

- Ananya will have a BoD approved, standard form of loan agreement. It would be endeavoured to have the loan agreements in vernacular languages.
- In the loan agreement the following will be disclosed:
 - i. all the terms and conditions of the loan,

- ii. that the pricing of the loan involves only three components viz; the interest charge, the processing charge and the insurance premium (which includes the administrative charges in respect thereof),
- iii. that there will be no penalty charged on delayed payment,
- iv. that no security deposit / margin is being collected from the borrower,
- v. that the borrower cannot be a member of more than one SHG / JLG,
- vi. the moratorium period between the grant of the loan and the due date of the repayment of the first instalment (as guided by the NBFC – MFIs (Reserve Bank) Directions, 2011),
- vii. an assurance that the privacy of borrower data will be respected.

Loan card

- The loan card would reflect the following details as specified in the Non-Banking Financial Company - Micro Finance Institutions (Reserve Bank) Directions, 2011:
 - i. the effective rate of interest charged,
 - ii. all other terms and conditions attached to the loan,
 - iii. information which adequately identifies the borrower and acknowledgements by the NBFC-MFI of all repayments including instalments received and the final discharge,
 - iv. The loan card would prominently mention the grievance redressal system set up by the MFI and also the name and contact number of the nodal officer,
 - v. Non-credit products issued will be with full consent of the borrowers and fee structure will be communicated in the loan card itself,
 - vi. All entries in the loan card would be in the vernacular language.

Non-coercive methods of recovery

- As specified in the NBFC-MFIs (Reserve Bank) Directions, 2011, recovery will normally be made only at a central designated place. Field staff will be allowed to make recovery at the place of residence or work of the borrower only if borrower fails to appear at central designated place on two or more successive occasions. Ananya will ensure that a BoD approved policy is in place with regard to code of conduct by field staff and systems for their recruitment, training and supervision.
 - i. The code of conduct would lay down minimum qualifications necessary for the field staff and will have necessary training tools identified for them to deal with the customers.
 - ii. Training to field staff will include programs to inculcate appropriate behaviour towards borrowers without adopting any abusive or coercive debt collection / recovery practices.

- iii. Compensation methods for staff will have more emphasis on areas of service and borrower satisfaction than merely the number of loans mobilized and the rate of recovery.
- iv. Penalties would be imposed in cases of non-compliance by field staff with the Code of conduct.
- v. Generally only employees and not out sourced recovery agents would be used for recovery in sensitive areas.

Grievance Redressal Mechanism

- The grievance redressal officer of the company is Mr. Gaurav Gupta, Managing Director of the Company. He may be contacted at admin@ananyafinance.com or alternatively on 079-40403030. The complaints received by the company would be dealt with by the grievance redressal officer within 15 days of the receipt of the complaint.
- In case the complaint / dispute is not redressed within a period of one month from the date of the complaint, the customer may appeal to the Officer-in Charge of the Regional

Office of DNBS of RBI:
Reserve Bank of India, DNBS,
1st Floor, Near Gandhi Bridge,
Ahmedabad – 380014.

- A periodical review of the compliance of the FPC and the functioning of the grievance redressal mechanism at various levels of management will be submitted to the Board at regular intervals.
- The name and contact details (Telephone / Mobile nos. as also email address) of the Grievance Redressal Officer who can be approached by the public for resolution of complaints against the Company would be displayed at the company's website and at branches/place of business.

Review of Code

- This FPC would be amended, modified or supplemented from time to time. The FPC would be reviewed every year by the BoD of the Company or whenever there is a significant change in law governing the subject matter of FPC.