



Ananya Finance for Inclusive Growth Private Limited

Fair Practices Code

August 2024

(Date of last review - August 2023)

(Date of Next Review – May 2025 or as may be required)

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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, vide its Notifications:
 - DNBS (PD) CC No.80/03.10.042/2005-06 dated September 28, 2006,
 - DNBR (PD) CC.No.054/03.10.119/2015-16 dated July 1, 2015, and
 - RBI Master Direction - (Regulatory Framework for Microfinance Loans) Directions, 2022 updated circular RBI/DOR/2021-22/89 DoR.FIN.REC. 95/03.10.038/2021-22 dated March 14, 2022
- 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 at the notice boards of all the offices of Ananya and its partners. It will be part of all the loan documents as required by regulation and be made available to clients, on request. The FPC will be issued in a language understood by the borrower.

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.

Retails loans through business correspondence and co-lending partnerships

Ananya also extends retail loans to borrowers through partnerships with other NBFCs and NBFC-MFIs. Ananya will furnish a copy of its board approved FPC to the BC/co-lending partner for implementation and compliance.

Loan application

- It will be endeavoured to have all communications with the borrower 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/MFIs 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 if any 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.
- Assessment of household income: Ananya will assess the ability of the borrower to repay the loan (including stipulating a maximum fixed obligation to income ratio (FOIR) of 50%) strictly in line with the above-mentioned regulations. In this regard, Ananya has also adopted a policy for assessment of household income of borrowers, approved by the board of directors.
- 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 or any other reasonable mode.
- Ananya will disclose the reason for rejection of loan to the customer.

- Ananya and or its partner entities/agencies will be disbursing loan commensurate with the borrower's ability to repay.
- Ananya will ensure that its partner agencies/delivery channels has a defined policy of loan sanction to delinquent client and is adhered accordingly so as to ensure that the delinquent accounts of other lenders are served by the prospective borrower before taking a sanction of loan.

Sanction and disbursement of loan

- A sanction letter/securing documents including a loan agreement along with a copy of all enclosures quoted in the loan agreement, preferably in the vernacular language, will be furnished to all borrowers at the time of sanction/disbursement of 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 effected 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.
- 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.

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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

- Ananya has a BOD approved pricing policy made available on the website of the Company and provided to borrowers on request. The policy will be updated from time to time.
- Interest rates and other charges/ fees on microfinance loans should not be usurious.
- 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.
- Ananya will not charge any penalty on prepayment of microfinance loans.
- Ananya will prominently display the minimum, maximum and average interest rates charged on microfinance loans in all its offices, in the literature (information booklets/ pamphlets) issued by it and details on its website.
- Ananya will disclose pricing related information to every prospective borrower in a simple and standardized fact sheet formatted along the lines prescribed by the regulation.
- The borrower will not be charged any amount which is not explicitly mentioned in the fact sheet.

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 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, if any, 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.

Non-coercive methods of recovery

- Ananya will ensure that the borrower is issued receipt/acknowledgement of every payment including digital payment.
- Ananya will put in place a mechanism for identification of the borrowers facing repayment related difficulties, engagement with such borrowers and providing them necessary guidance about the recourse available.
- 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.
- Ananya will ensure that the employees, persons and or partners entities, recovery agencies acting on behalf:
 - Have adequate training on appropriate behaviour exhibition towards the borrowers

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- Use respectful language, maintain decorum and show respect to social and cultural sensitivities
- Will not use coercive method of recovery of loans and will take recovery of loans at a place mutually decided by the borrowers and Ananya's representative of any nature (employees, partner entities, agencies as applicable)
- Will not be intimidating or humiliating verbally, physically towards borrowers and his/her family
- Will not contact at odd hours or at inappropriate times such as bereavements, illness, social occasions such as marriage and birth
- Will not mislead the borrower about the extent of the debt or the consequences of non-repayment
- Publish the name of borrowers
- Use threatening or abusive language
- Use or threaten use of violence or other similar means to harm the borrower or borrower's family/ assets/ reputation
- Will not harass relatives, friends, neighbours, co-workers of the borrower
- 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 have a BOD approved policy 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. Field staff will be additionally trained to make necessary enquiries regarding the income and existing debt of the household.
 - v. Penalties would be imposed in cases of non-compliance by field staff with the Code of Conduct.
 - vi. Generally, only employees and not out-sourced recovery agents would be used for recovery in sensitive areas.

Engagement of recovery agents

In case Ananya opts to engage recovery agents the following process will be followed:

- Ananya will have a due diligence process in place for engagement of recovery agents, which will, inter alia, cover individuals involved in the recovery process. Ananya will ensure verify antecedents of their employees, including police verification. Ananya will undertake re-verification of antecedents once in 3 years.
- Ananya will provide the details of recovery agents to the borrower while initiating the process of recovery. The agent will also carry a copy of the notice and the authorization letter from Ananya along with the identity card issued to him by Ananya or the agency. Further, where the recovery agency is changed by Ananya during the recovery process, Ananya will notify the borrower of the change, and the new agent will carry the notice and the authorization letter along with his identity card.
- The notice and the authorization letter will, among other details, also include the contact details of Ananya and the recovery agency.
- The up-to-date details of the recovery agencies engaged by Ananya will also be hosted on the Ananya's website.

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 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.
- Ananya will submit data of borrowers including income assessment details to all the RBI approved Credit Information Companies (CIC) as per the Uniform Credit Report Format. Ananya will promptly address issues pertaining to CIC data dispute raised by the borrower.
- Ananya will ensure that the issuance of third-party products is done only with the full consent of the borrower and are voluntary in nature and not linked with loan amount whatsoever and the fee structure of the said third-party product is explicitly communicated to the borrower.

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- Ananya will ensure that the partner agencies are providing adequate training and orientation to the end borrowers on loan product, pricing, terms of contract, digital payment, ill effects of blind trust on centre/group leader or agent and on fictitious loans resulting in the poor credit history and access to credit in future.
- Ananya will have systems to safeguard the borrower and borrower's household members' data as per the accepted principle of data protection including collection limitation, purpose specification, use limitation, incorporation of access control etc.
- Ananya will strictly keep the confidentiality of the personal information of the borrower and borrower's household members data and will disclose the information with the prior consent of the borrower and borrower's household members' consent, in writing, to third-party subject to following:
 - Such information is required to be provided under the law or it is provided for a mandated business purposes, for example, to credit information companies
 - The party in question has been authorized by the borrower or the borrower's household members, with intimation to Ananya, or any other lender, to obtain their information

Loan agreement

- Ananya will have a standard form of loan agreement. It would be endeavoured to have the loan agreements in a language understood by the borrower.
- In the loan agreement the following will be disclosed:
 - i. all the terms and conditions of the loan,
 - ii. three components of pricing 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.
 - viii. Ananya will be responsible for inappropriate behaviour by its employees or employees of the outsourced agency, if any, and Ananya will provide timely redressal of grievances.

Loan card

- Ananya will ensure that the communications pertaining to loan terms and conditions, entries in loan card, FPC, standard form of loan agreement, factsheet on pricing of loan

and any other communication are done in a language suitably understood by the borrower.

- Non-credit products issued will be with full consent of the borrowers and fee structure will be communicated in the loan card itself,
- The loan card would reflect the following details
 - i. information which adequately identifies the borrower
 - ii. factsheet on pricing
 - iii. the effective rate of interest charged
 - iv. all other terms and conditions attached to the loan
 - v. acknowledgements by Ananya of all repayments including instalments received and the final discharge
 - vi. Non-credit products issued (with full consent of the borrowers) and fee structure
 - vii. 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,
- All entries in the loan card will be endeavoured to be in a language understood by the borrower.

Grievance redressal mechanism

- Ananya will have a dedicated mechanism for redressal of recovery related grievances. The details of this mechanism will be provided to the borrower at the time of loan disbursal.
- Ananya is delivering its retail loan products to the end borrowers through its partner entities. Therefore, the grievances/enquiries of the borrowers will be primarily addressed through the partner's Grievance Redressal Mechanism. Ananya will ensure that the partners have adequate Grievance Redressal Mechanism in place. In the event of complaint not getting addressed with 15 days of complaint having been lodged at the partner's office, the borrowers can approach the Grievance Redressal Cell at Ananya.

Ananya Finance for Inclusive Growth Private Ltd

Name of the Grievance Redressal Officer: - Mr. Nagendra Singh Rajawat, Sr VP-Agri & SME Finance

E-mail: complaints@ananyafinance.com

Phone: 1800 572 6168

- 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:

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Department of Non-Banking Supervision,
Reserve Bank of India,
4th Floor, Riverfront house,
Behind H.K. Arts College,
Between Gandhi & Nehru Bridge,
Puja Pramukh Swami Marg,
Ahmedabad – 380009.

Ananya will review the grievances lodged with the partners on quarterly basis to ensure adequate implementation of grievance policy at the partner's level.

- 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 quarterly intervals.
- The name and contact details (Telephone / Mobile nos. and email address) of the Grievance Redressal Officer who can be approached by the public for resolution of complaints against the Company will be displayed at the company's website and Ananya's offices and partner's branches.

Ombudsman

- Pursuant to RBI NBFC-ND-SI directions, 2016 and Integrated Ombudsman Scheme, 2021, the Company has appointed Principal Nodal Officer (PNO) for resolution of complaints filed by the customers under the said scheme. The details of the PNO are listed below:

Ananya Finance for Inclusive Growth Private Ltd

Name of the Principal Nodal Officer: - Mr. Nagendra Singh Rajawat, Sr VP-Agri & SME Finance

E-mail: nagendra.rajawat@ananyafinance.com

Phone: 7490008492

- The name and contact details (Telephone / Mobile nos. and email address) of the Principal Nodal Officer has been displayed at the company's website and Ananya's offices and its branches.
- The salient feature of the scheme has been displayed on the company's website and Ananya's offices and its branches. Copy of the RBI - Integrated Ombudsman Scheme, 2021 is available in all its branches for reference of the customers.

Review of FPC

- 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.