

Agriwise Finserv Limited

Fair Practice Code

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Agriwise Finserv Limited	
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Regulatory Reference:

The Reserve Bank of India, (RBI), vide its notification number DNBS (PD) CC No.80/03.10.042/2005- 06 dated September 28, 2006 and subsequently through various other notifications has prescribed the broad guidelines on fair practices that are to be framed and approved by the Board of Directors of all Non-Banking Financial Companies (NBFCs). All of this has been consolidated in last Master Circular – Fair Practices Code notification number DNBR. (PD).CC.No.054/03.10.119/2015-16 dated July 1st, 2015.

RBI/DoR/2023-24/106, DoR.FIN.REC.No.45/03.10.119/2023-24 Master Direction- Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 dated October 19, 2023.

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1 BACKGROUND:

Agriwise Finserv Limited (“Agriwise”/ “Company”) being a Reserve bank of India (RBI) registered Non –Banking Financial Company [Non accepting/holding public deposits] (NBFC) is committed to comply with all the applicable guidelines, instructions and circulars issued by RBI from time to time.

The Reserve Bank of India (RBI) has issued guidelines on Fair Practices Code for Non-Banking Financial companies (NBFCs) thereby setting standard for fair business and corporate practices while dealing with their customers. The Company shall also be guided by the policies guidelines and procedures framed, issued and followed by Agriwise from time to time and shall make appropriate modifications if any to this code to conform to the standards so prescribed.

Hence, in compliance with the said directions, this Code has been framed, approved and reviewed by Board of the Company from time to time. The Company shall at all times adopt best business and customer service practices from time to time and make appropriate modifications, as necessary to this Code.

In view of this the Company has adopted the code to provide transparency in business dealings with its borrowers.

The Fair Practice Code (FPC) is intended to cover the following areas:

- 1) Applications for loans and their processing
- 2) Loan appraisal and terms/conditions
- 3) Disbursement of loans, including changes in terms and conditions
- 4) General provisions and
- 5) Grievance redressal mechanism

Note: The term ‘personal loans’ shall have the same meaning as defined in the Annex to the circular on ‘XBRL Returns – Harmonization of Banking Statistics’ dated January 04, 2018.

2 APPLICATION /OBJECTIVES OF THE CODE :

This Fair Practices Code applies to the all categories of products and services offered by the Company whether the products and services are provided across the counter, over the phone, through interactive electronic device, on the internet or by any other method whatsoever, existing or futuristic.

Objectives of Code:

- a) To ensure Fair Practices while dealing with the customers and promote good, fair and trustworthy practices by setting up minimum standards;
- b) To ensure greater transparency enabling customers in having a better understanding of the product and taking informed decisions;

- c) To ensure that borrowers are advised of the terms and conditions of products/ services provided in a comprehensive manner for their consideration prior to commitment of a transaction;
- d) To monitor and administer borrowers accounts in a fair and transparent manner consistent with the terms and conditions of the facility provided;
- e) Recovery and enforcement, where necessary, is conducted by following the due process of law.
- f) To ensure compliance of applicable regulations prescribed by RBI relating to fair practices.

3 KEY COMMITMENTS :

3.1 Applications for loans and their processing:

- i. 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 NBFCs can be made and an informed decision can be taken by prospective borrower.
- ii. The loan application form shall indicate the documents required to be submitted along with the application form.
- iii. The loan application form and the sanction letter / Term sheet/ MID (Most Important Document) issued to the customer shall disclose the approach for gradation of risks and rationale for charging different rates of interest to different categories of prospective borrower and the same shall also be made available on the web-site of the company. The information shall be updated whenever there is a change in the rates of interest.
- iv. The company will devise a system of giving acknowledgement for receipt of all loan applications. Preferably, the time frame within which loan applications will be disposed of will also be indicated in the acknowledgement. If Company cannot provide the loan to the borrower, the same shall be communicated to the borrower with the reason(s) for rejection.
- v. Loan Application form will clearly state the information that the company requires to collect from the customer to fulfill the KYC norms and to comply with legal and regulatory requirements. Company may request for additional information in case it is required.
- vi. Company will make available its loan products to all qualified borrowers and shall not discriminate on grounds of sex, caste and religion in the matter of lending. However, this does not preclude Company from participating in schemes framed for different sections of the society.

- vii. When a person is considered to be a guarantor to a loan, company shall inform him/her the following under acknowledgement-
 - a. Letter/ Deed of Guarantee stating the terms of liability as guarantor.
 - b. any default in servicing of the loan by the borrower to whom he/she stands as a guarantor.
- viii. All communication to the borrower shall be in the vernacular language or a language as understood by the prospective borrower.
- ix. Every loan application completed in all respects shall be duly acknowledged by our branch offices and authorized personnel. The turnaround time (TAT) for disposing the loan applications completed in all respects shall be 30 days from the date of receipt of the last leg of information / data from the customer to process / appraise his / her loan application. The time frame for disposing loan applications shall be indicated to the customer

3.2 Loan appraisal and terms/conditions:

The Company shall appraise loan applications considering the risk-based approach and credit policies of the Company.

In the Case of sanction of loan, the sanction letter shall contain the amount of loan sanctioned along with the terms and conditions including annualized rate of interest and method of application thereof. As complaints received against Agriwise' generally pertain of charging of high interest / penal interest, Agriwise shall mention the penal interest charged for late repayment in bold in the loan agreement and keep the acceptance of these terms and conditions by the borrower on its record.

Appropriate internal principle and procedures for determining interest and other charges shall be laid down and be subjected to review keeping in view the business exigencies, regulatory and customer sentiments, market practices etc. The acceptance of the term and conditions communicated by the borrower shall be preserved by the company in its records.

The Company shall furnish copy of the loan agreement along with schedule(s) and annexure(s) to the borrower at the time of disbursement of loan to the language opted by the client.

3.3 Disbursement of loans including changes in terms and conditions

- i. The Company will give notice to the borrower of any change in the terms and conditions including disbursement schedule, interest rates, service charges, prepayment charges etc. Agriwise will also ensure that changes in interest rates and charges are effected only prospectively. A suitable condition in this regard will be incorporated in the loan agreement.
- ii. The penal interest to be charged by the company for late repayment of loan shall be mentioned in bold letters in the loan agreement/sanction letter.
- iii. Decision to recall/accelerate payment or performance under the agreement or seek additional securities/collaterals will be in consonance with the loan agreement.
- iv. The loan agreement shall contain a built-in re-possession clause and also contain provisions regarding notice period before taking possession, circumstances under which the notice period can be waived, the procedure for taking possession of the security, a provision regarding final chance to be given to the borrower for repayment of loan before sale/auction of the property, the procedure for giving re-possession to the borrower and procedure for sale/auction of the property.
- v. The Company will release all securities on repayment of all dues or on realisation of the outstanding amount of loan subject to any legitimate right or lien for any other claim agriwise may have against 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 company is entitled to retain the securities till the relevant claim is settled/paid.
- vi. In the event of full and final payment of the loans along with other dues, if any, "No outstanding dues" certificate shall be issued by the Company within 1 month from the date of receipt of request from the borrower / customer.
- vii. All notices, correspondence in respect of the loan will be made in the language opted by the Client in the loan application form.
- viii **Penal Charges in Loan Accounts:**
 - a) The Company shall ensure that the penal charges for the late payment is in "bold" fonts in the agreement.
 - b) There shall be no capitalisation of penal charges i.e., no further interest computed on such charges. However, this will not affect the normal procedures for compounding of interest in the loan account.

- c) The Company shall not introduce any additional component to the rate of interest in lieu of penal charges.
- d) The quantum of penal charges shall be reasonable and commensurate with the non-compliance of material terms and conditions of loan contract without being discriminatory within a particular loan / product category.
- e) The penal charges in case of loans sanctioned to 'individual borrowers, for purposes other than business', shall not be higher than the penal charges applicable to non-individual borrowers for similar non-compliance of material terms and conditions.
- f) The quantum and reason for penal charges shall be clearly disclosed by the Company to the customers in the loan agreement and Key Fact Statement (KFS), and shall be displayed on Company's website.
- g) Whenever reminders for non-compliance of material terms and conditions of loan are sent to borrowers, the applicable penal charges shall be communicated. Further, any instance of levy of penal charges and the reason therefor shall also be communicated.
- h) This paragraph viii (a) to viii (g) shall come into effect from January 01, 2024. The Company shall carry out appropriate revisions in the policy framework and ensure implementation of the instructions in respect of all the fresh loans availed/ renewed from the effective date. In the case of existing loans, the switchover to new penal charges regime shall be ensured on next review or renewal date or six months from the effective date of these instructions, whichever is earlier.

3.4 Post Disbursement Practices:

- a) Any decision to recall / accelerate payment or performance under the loan agreement or seeking additional securities, shall be taken after giving notice to the customer in consonance with the loan agreement.
- b) The Company will release all securities/collaterals 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 the Company may have against the customer. If such right of set off is to be exercised, the customer will be given notice about the same with full particulars about the remaining claims and the conditions under which the Company is entitled to retain the securities till the relevant claim is settled/paid.

3.5 Responsible Lending Conduct - Release of movable/immovable property documents on repayment/ settlement of personal loans:

The Company shall adopt best practices in release of movable/ immovable property documents upon receiving full repayment and closure of loan account to avoid customer grievances and disputes in future.

To address the issues faced by the borrowers and towards promoting responsible lending, the following instructions are issued:

A. Release of movable/immovable property documents:

- (i) The Company shall release all the original movable / immovable property documents and remove charges registered with any registry within a period of 30 days from the date of full repayment/settlement of the loan account.
- (ii) The borrower shall be given the option of collecting the original movable/ immovable property documents either from the banking outlet/branch where the loan account was serviced or any other office of the Company where the documents are available, as per her/his preference.
- (iii) The timeline and place of return of original movable/immovable property documents shall be mentioned in the loan sanction letters issued on or after the effective date.
- (iv) In order to address the contingent event of demise of the sole borrower or joint borrowers, NBFCs shall have a well laid out procedure for return of original movable/immovable property documents to the legal heirs. Such procedure shall be displayed on the website of NBFCs along with other similar policies and procedures for customer information.

B. Compensation for delay in release of movable/immovable property documents:

- (i) In case of delay in releasing of original movable/immovable property documents or failing to file charge satisfaction form with relevant registry beyond 30 days from the date of full repayment/ settlement of loan, the Company shall communicate to the borrower reasons for such delay. In case where the delay is attributable to the Company, it shall compensate the borrower at the rate of ₹5,000 for each day of delay.
- (ii) In case of loss/damage to original movable/immovable property documents, either in part or in full, the Company shall assist the borrower in obtaining duplicate/certified copies of the movable/immovable property documents and shall bear the associated costs, in addition to paying compensation as indicated at clause (ii) above. However, in such cases, an additional time of 30 days will be available to the NBFCs to complete this procedure and the delayed period penalty will be calculated thereafter (i.e., after a total period of 60 days).
- (iii) The compensation provided under these directions shall be without prejudice to the rights of a borrower to get any other compensation as per any applicable law.

C. Applicability:

The instructions in paragraph B above shall be applicable to all cases where release of original movable/immovable property documents falls due on or after December 01, 2023.

3.6 Reset of Floating Interest Rate on Equated Monthly Instalments (EMI) based Personal Loans:

- (1) The company shall consider the repayment capacity of the borrowers at the time of sanction of EMI based floating rate personal loans to ensure that there is adequate headroom / margin is available for elongation of tenor and/ or increase in EMI, in the scenario of possible increase in the interest rates during the tenor of the loan. The Company has put in place an appropriate policy framework to meet the following requirements for implementation and compliance:

- (i) At the time of sanction, the Company shall clearly communicate to the borrowers about the possible impact of change in interest rate on the loan leading to changes in EMI and/or tenor or both. Subsequently, any increase in the EMI/ tenor or both on account of the above shall be communicated to the borrower immediately through appropriate channels.
- (ii) At the time of reset of interest rates, the company shall provide the option to the borrowers to switch over to a fixed rate as per their Board approved policy. The policy, inter alia, may also specify the number of times a borrower will be allowed to switch during the tenor of the loan.
- (iii) The borrowers shall also be given the choice to opt for (a) enhancement in EMI or elongation of tenor or for a combination of both options; and (b) to prepay, either in part or in full, at any point during the tenor of the loan. Levy of foreclosure charges/pre-payment penalty shall be subject to extant instructions.
- (iv) All applicable charges for switching of loans from floating to fixed rate and any other service charges/ administrative costs incidental to the exercise of the above options shall be transparently disclosed in the sanction letter and also at the time of revision of such charges/ costs by the Company from time to time.
- (v) The Company shall ensure that the elongation of tenor in case of floating rate loan does not result in negative amortisation.
- (vi) The Company shall share / make accessible to the borrowers, through appropriate channels, a statement at the end of each quarter which shall at the minimum, enumerate the principal and interest recovered till date, EMI amount, number of EMIs left and annualized rate of interest / Annual Percentage Rate (APR) for the entire tenor of the loan. The Company shall ensure that the statements are simple and easily understood by the borrower.
- (2) Apart from the equated monthly instalment loans, these instructions would also apply, mutatis mutandis, to all equated instalment-based loans of different periodicities.
- (3) The Company shall ensure that the above instructions are extended to the existing as well as new loans suitably by December 31, 2023. All existing borrowers shall be sent a communication, through appropriate channels, intimating the options available to them.

3.7 Collection of Dues:

- a) At the time of giving a loan to the customer agriwise shall explain to the customer the repayment process including instalment amount, tenure, bounce charges, penal interest, penal charges 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 shall be followed for recovery of loan 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.
- b) Additionally, the terms and conditions for enforcing security interest and/or re-possession of the property collateral shall be clearly mentioned in the loan or security related document. To ensure transparency, the said terms will speak about:
 - (a) Notice period before taking possession;
 - (b) Circumstances under which the notice period can be waived;

- (c) The procedure for taking possession of the security;
 - (d) Provision regarding final chance to be given to the customer for repayment of loan before the sale / auction of the property;
 - (e) The procedure for giving repossession to the customer; and
 - (f) The procedure for sale / auction of the property.
- c) In the matter of recovery of loans, the Company or its agents will resort only to remedies which are legally and legitimately available to it and will not resort to intimidation or harassment of any kind, either verbal or physical, against any person in their debt collection efforts, including acts intended to humiliate publicly or intrude upon the privacy of the debtors' family members, referees and friends, sending inappropriate messages either on mobile or through social media, making threatening and/ or anonymous calls, persistently calling the borrower and/ or calling the borrower before 8:00 a.m. and after 7:00 p.m. for recovery of overdue loans, making false and misleading representations, and will not resort to use of muscle power for recovery of loans, etc.

The Company will make all efforts so that its staff is adequately trained to deal with the customers in an appropriate manner.

- d) In line with the aforesaid, a Code of Conduct which shall be adhered during collections/recovery of dues from the customers by Company's authorized personnel is provided on website of the company.

4. GENERAL:

- i. The company 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 the lender).
- ii. In case of receipt of request from the borrower for transfer of borrower account, the consent or otherwise i.e. objection of the company, if any, will 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. In the matter of recovery of loans, the company will not resort to undue harassment viz. persistently bothering the borrowers at odd hours, use of muscle power for recovery of loans, etc.
- iv. As a measure of customer protection and also in order to bring in uniformity with regard to prepayment of various loans by borrowers of banks and NBFCs, Company shall not charge foreclosure charges/ pre-payment penalties on all floating rate term loans sanctioned to individual borrowers.
- v. Agriwise shall inform the borrower in the event of closure/shifting of its branch office.

- vi. There shall be no discrimination in extending products and facilities including loan facilities to the physically /Visually challenged applicants on grounds of disability (Ref: RBI Circular No. DNBS.CC PD. NO 191/03.10.01/2010-11 dated July 27, 2010).

5. MARKETING AND PRODUCT SYNERGY :

- i. Agriwise will ensure that all advertising and promotional material is clear, fair reasonable and not misleading.
- ii. Agriwise will provide the customers with a full range of financial products the customer is eligible for some of these products/ services will be its own; some others may be the products of the group or associates companies and companies with which Agriwise may have arrangements with.
- iii. It will be endeavour of Agriwise to bring synergy between the various financial services, financial products, by cross selling these products to its clientele.

6. CONFIDENTIALITY :

- i. Unless authorised by the customer Agriwise will treat all personal information as private and confidential.
- ii. Agriwise will not reveal transaction details to any other entity including within the group other than the following exceptional cases.
 - If Agriwise have to provide the information by statutory or regulatory laws.
 - If there is a duty to the public to reveal this information.
 - If its interest requires us to provide this information (e.g Fraud prevention). Agriwise will not use this reason for giving information about customers to anyone else (including group companies) for marketing purpose.
 - If Agriwise have taken the customers permission (for instance at the time of loan sanctioning) to provide such information to its group/ associates/ entities or companies for providing other products or services.

7. GRIEVANCE REDRESSAL MECHANISM :

The implementation of the Fair Practice Code shall be the responsibility of the Company. The Company shall make every effort to ensure that its dealing with borrowers / customers is smooth and hassle free. Any complaint brought to the notice of the Company by a borrower / customer will be handled expeditiously. All disputes / complaints arising out of the decisions of the Company's functionaries including issues relating to services provided by the outsourced agency would be heard and disposed of after it is brought to their notice.

A consolidated report of periodical review with compliance with the Fair Practices Code and functioning of the grievances redressal mechanism at various levels of management would be

submitted to the Board of Directors (or a committee thereof) at regular intervals. The contact details of the Grievance Redressal Officer (“GRO”) and the local office of RBI (which can be approached, if the complaint / dispute is not resolved within a period of one month) will be displayed at all the branches / places where the Company conducts its business.

As per the extant guidelines of the Reserve Bank of India (RBI), all NBFCs are required to ensure that a suitable mechanism exists for receiving and addressing complaints from its customers / constituents with specific emphasis on resolving such complaints fairly and expeditiously regardless of source of the complaints.

Accordingly, for handling the Grievance of the borrowers of the Company the Fair Practice Code and the Grievance Redressal Policy of the Company of the Company shall be read in conjunction with each other and shall be supplement to each other.

8. REGULATION FOR INTEREST CHARGED:

a) Company has adopted an interest rate model for determining the rate of interest to be charged on loans and advances, processing and other charges considering relevant factors such as, cost of funds, margin and risk premium, etc. The rate of interest and the approach for gradations of risk and rationale for charging different rate of interest to different categories of borrowers shall be disclosed to the borrower or customer in the application form and communicated explicitly in the sanction letter.

b) The rate of interest shall be annualised rate so that the borrower is aware of the exact rates that would be charged to the account.

c) Board of company shall lay out appropriate internal principles and procedures in determining interest rates and processing and other charges.

9. HOSTING ON WEBSITE:

Fair Practices Code, in vernacular languages shall be put up on the website of the Company for the information of various stakeholders

10. FORCE MAJEURE :

The various commitments outlined and made by Agriwise are applicable under the normal operating environment. In the event of Force Majeure, Agriwise will not be able to fulfill the commitments under the FPC to the entire satisfaction of the customer(s), the other stakeholders and the public in general.

11. REVIEW :

The Company would review and refine the Fair Practice Code, as may be required periodically, based on its own experience and fresh guidelines, if any, to be issued by the RBI in this regard.

If at any point a conflict of interpretation / information between this code and any regulations, rules, guidelines, notification, clarifications, circulars, master circulars/ directions issued by relevant authorities (“Regulatory Provisions”) arises, then interpretation of the Regulatory Provisions shall prevail. In case of any amendment(s) and/or clarification(s) to the Regulatory Provisions, this code shall stand amended accordingly from the effective date specified as per the Regulatory Provisions.
