



One Step towards Prosperity

Fair Practice Codes

## Policy Details

Policy Name	Fair Practice Codes		
Adopted By NAFA	01-05-2020		
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Next Rev Due	March 2023
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Responsibility	Credit Department
Submitted By	Chief Risk Officer
Approval	Board Of Directors
Date of Approval	27-02-2020
Recommended By	CCO

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## Introduction

Netafim Agricultural Financing Agency Pvt. Ltd. 'NAFA' or 'the Company' is a Non-deposit taking Non-Banking Finance Company (NBFC-ND) certified as a "Loan Company".

The Fair Practice Codes ("the Codes" and/or "FPC") are applicable to all activities of NAFA involving customers. This Code is formulated by Netafim Agricultural Financing Agency Pvt. Ltd. (NAFA) in line with guidelines issued by the Reserve Bank of India vide its notifications bearing reference No. DNBS.193/DG(VL)-2007, dated February 22, 2007, DNBS.PD.CC.No. 168/03.02.089/2009-10 dated February 12, 2010, DNBS.PD.No.234/CGM(US)2011 dated December 02, 2011, DNBS.PD.No.247/CGM(US)-2012 dated July 23, 2012, DNBR.008/CGM(CDS)-2015 dated March 27, 2015 and RBI/DNBR/2016-17/44, DNBR.PD.007/03.10.119/2016-17 dated September 01, 2016 and updated on October 17, 2017, February 02, 2017, March 02, 2017, March 09, 2017, November 09, 2017, February 23, 2018, May 31, 2018, February 22, 2019 and August 02, 2019.

This Code has come into force from April 1, 2020.

The Fair Practice Code aims to provide the customers with an overview of the practices, which will be followed by the Company in respect of credit facilities and services offered by the Company to its customers. The Code will facilitate the customers to make informed decisions in respect of credit facilities and services to be availed by them and will apply to all products, the Company may offer.

The Company will ensure that the implementation and adherence of the FPC is the responsibility of all employees across functions. Its fair lending practices shall apply across all aspects of its operations including customer acquisition, processing, servicing and collection activities. Its commitment to FPC will be demonstrated in terms of accountability, training, counselling, monitoring, auditing programs, and internal controls.

The Board of Directors and the management team of the Company are responsible for implementing the fair practices detailed in this policy document. They shall also ensure that NAFA's operations reflect its strong commitment to all the stakeholders while offering various financial services and products in a fair and equitable manner and that all relevant employees and associates are aware of this commitment.

The FPC adopted is in conformity with the Guidelines on Fair Practices Code as prescribed by the Reserve Bank of India for NBFCs.

## Objectives of the Code

The key objectives of the Company's FPC guidelines are to:

- Promote good, fair and trustworthy practices in dealing with the customers
- Increase transparency to enable the customers to have a better understanding of what they can reasonably expect of the services
- Encourage market forces, through fair competition, to achieve higher operating standards
- Create enabling platform to promote a fair and cordial relationship with its customers
- Set such standards and practices to foster confidence in the system

## Applicability of the Code

The code is applicable;

- To all persons/employees/agents/associates offering the products and services of the Company in any manner and/or by any mode
- Under normal operating environment except in the event of any force majeure
- The Code is based on ethical principles of transparency & integrity and all actions and dealings shall follow the spirit of the Code.

## Key Commitments under the FPC

- The Company shall always do its best to act fairly, reasonably and meet the standard practices prevalent in the industry
- The Company shall abide by all the relevant laws, regulations and meet ethical principles of transparency & integrity during interaction with customers
- While interacting with customers, the Company shall endeavour to take all steps as may be required to provide clear information either in English, Hindi or in a vernacular language as understood by the customer regarding:
  - its various products and services
  - the terms and conditions, the interest rates/service charges/penal charges/other charges
  - benefits available to customers and the implications, if any
  - documents required to be submitted with the Application Form/post-sanction
  - contact persons for addressing the queries, if any
- The Company will provide a copy of this Code, at request, to the customer
- The Code will also be made available at every branch/office of the Company
- The Company shall not discriminate on grounds of gender, caste and religion while offering its products & services. However, this does not restrict the Company from participating in credit-linked schemes and in respect of schemes formulated by the government/government agencies, implemented through the Company
- The Company shall treat the information relating to customers as strictly confidential and shall not share any information, unless required under law/regulatory guidelines, waived or permitted by the customer
- The Company shall take necessary steps to inform its customers of their right to information regarding their account and the facilities available to them
- The Company's communication shall ensure that all advertising and promotional materials are clear fair and not misleading
- The Company's endeavour is to be a single-window financial service provider for financial service and product requirements of rural customers. In line with this endeavour, the company will provide the customers with a wide range of financial products the customer is eligible for. Some of these products/services will be its own and some others will be of associate companies and also of companies with which the Company may have an arrangement with.

- It will be the endeavour of the Company to bring synergy between various financial services, financial products by cross-selling these products to its customers.
- The Company shall inform its customers of all financial information such as rates of interest, penal charges, other charges, tenure of loan, repayment schedule, documentation requirement etc. through brochures, posters or during meeting with the customers etc. prior to entering into any transaction
- The Company shall endeavour to keep its customers informed of any change in interest rates/charges/ other terms etc. through letters or any other form of general or public announcements, displays or through personal interactions from time to time
- The Company shall disclose in a manner as deemed fit to ensure transparency in all information affecting the interest of the customer including but not limited to;
  - fees/charges payable for processing loan application
  - the amount of fee refundable, if any, if the loan amount is not sanctioned
  - repayment schedule and amount
  - Prepayment options and charges, if any
  - Penalty for delayed payment, if any
  - Renewal/restructuring charges, if any
- The disclosure shall be done to ensure that the customer is aware of “all-in-cost” parameters involved loan sanction process. The Company shall not indulge in any act which is discriminatory among equals
- The Company shall review the compliance of this Code and a consolidated report of such review will be submitted to the Board at a periodic interval

### Key Elements of NAFA's FPC guidelines

#### Sales Origination, Loan Application and Processing

The Company will explain its customers about the products and services and guide if required, in choosing products and services which meets his/her requirements. In order to fulfil this, the Company will undertake the followings;

- At the point of initial customer interactions before the customer relationship is established, the Company will;
  - Explain the key features of the services and products the customer has shown interest in
  - Give complete information on products and services which will suit the customer's needs
  - Clearly state the information that the Company requires to collect from the customer to fulfil its 'Know Your Customer' norms and to comply with legal and regulatory requirements in force from time to time

Will request additional information about the customer and his/her family to build a database, but this information will be furnished by the customer only if she/he wishes to do so.

- The Company will provide information on various channels that can be used by customers to access its products and services.
- The Company will guide its customer on his/her rights and responsibilities specific to the mode of operation under which the product is taken

Once the initial relationship with the customer is established by the Company, it will ensure the following;

- Loan application forms issued by the Company shall include necessary information, which affects the interest of the customer so that he/she can do a meaningful comparison with the terms and conditions offered by other NBFCs and an informed decision can be taken by the customer. The loan application form will indicate a list of documents required to be submitted along with the application form
- Loan Application form of the Company will list the information that is required to collect from the customer to fulfil the KYC norms and to comply with legal and regulatory requirements. NAFA may also request additional information about the customer to enable it to conduct a fair & appropriate credit evaluation of the proposed loan
- The Company shall issue an acknowledgement for receipt of loan application. Subject to receipt of all required documentation and information if any, loan application shall be disposed of within 30 days from the receipt of the application form complete in all aspects. If any additional details required to process the loan application it shall always endeavour to communicate to the applicant immediately
- All necessary information to be provided to the customer by the Company or all such critical information, terms & conditions to be communicated to the customer shall be in the vernacular language or in a language as understood by the customer or in a manner to ensure that the customer has understood all the relevant/critical matters

### **Loan Appraisal, Terms & Conditions and changes, Loan Disbursement**

The Company in the normal course of its business shall always endeavour to guide its customers about the process and procedure to be followed for availing a loan, various terms & conditions, disbursement conditions of the loan and on changes in terms & conditions in future etc. such as;

- The Company shall conduct due diligence on the creditworthiness of the customer, which will be an important parameter for taking decision on the processing of the application. The assessment would be in line with the Company's credit policies, norms and procedures in respect thereof. Each application shall be considered independently on merit, upon scrutiny of all the information, documents required for verifying the title of the property, the identity of the person, entity and the security to be offered, including guarantees etc.
- The customer would be informed by means of a written sanction letter of the amount of loan sanctioned or otherwise. The sanction letter shall also contain the detail terms and conditions including the annualized rate of interest and the method of application thereof
- The Company shall convey in writing to the customer in the vernacular language or in a language as understood by the customer or in a manner to ensure that the customer has understood all the relevant/critical terms & conditions of the sanctioned loan
- The Company shall mention the penal interest to be charged for delayed repayment, prominently in the loan agreement
- The Company shall obtain an acceptance from the customer on the said sanction letter with the customer's signature and the acceptance of the terms and conditions by the customer shall be preserved by the Company
- The Company shall device appropriate internal principles & procedures for determining interest and other charges and such principles & procedures shall be subjected to review keeping in view the business exigencies, regulatory changes, customer sentiments, market practices etc. The interest rate model shall also consider other relevant factors such as cost of funds, margin and risk premium, etc. and determine the rate of interest to be charged for loans and advances. The rate of interest and the approach for gradations of risk and rationale for charging a different rate of interest to different categories of customers shall be disclosed to the customer during personal interactions

- The rates of interest and the approach for gradation of risks shall also be made available on the web-site of the companies or published in the relevant newspapers. The information published in the website or otherwise published shall be updated whenever there is a change in the rates of interest.
- The Company shall furnish a copy of the loan agreement preferably in the vernacular language or in a language as understood by the customer along with a copy each of all enclosures quoted in the loan agreement to all the customers at the time of sanction/ disbursement of loans
- The Company shall give notice to the customer through letter/SMS/email of any change in applicable charges such as service charges, prepayment charges, cheque bounce charges, swap charges, late payment penalty, etc. The Company shall endeavour that such changes in charges are in effect prospectively
- The decision of the Company to recall, accelerate payment or performance under the agreement should be in consonance with the loan agreement entered with the customer
- The Company shall 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 it may have against the customer. If such right of set-off is to be exercised, the customer shall be given notice about the same with complete details about the remaining claims and the conditions under which the Company is entitled to retain the securities till the relevant claim is settled/paid

### General

- The Company would not interfere in the affairs of the customer except for the purposes provided in the terms and conditions of the loan agreement (unless new information, not earlier disclosed by the customer, has come to the notice of the Company)
- In case of receipt of request from the customer for transfer of borrowed/loan account, the consent or otherwise, i.e. objection of the Company if any would be conveyed within 21 days from the date of receipt of request
- The Company shall ensure that the letter of guarantees to be executed by the guarantors would cover their obligations, liabilities and circumstances in which they can be called upon to pay the dues of the customer/customer
- The Company may communicate in writing to the customer whose application has been rejected
- Any agency to whom various activities are outsourced/entrusted will have to be short-listed and empanelled as per the company's internal policies issued from time to time. Such empanelment and the code of services shall be followed by the agency and shall also be in accordance with any existing and future regulatory guidelines/directives
- The Company shall ensure that its staff are adequately trained to deal with the customers in an appropriate manner
- The Company shall not charge 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).
- The Company shall not discriminate in extending loan facilities to physically / visually challenged applicants on grounds of disability. All branches shall render all possible assistance to such persons for availing of the various business facilities.



### **Recovery of Loan**

- The Company shall provide the customers with all the information regarding their dues and provide reasonable time for payment of the same. In the matter of recovery of loans, the Company will not resort to undue harassment, namely the use of abusive language, threatening, muscle power, etc. Modest methods may be used to appeal to the conscience of the borrower/guarantor, and thereby to ensure credit discipline
- For recovery of loans, the Company will resort only to remedies which are legally and legitimately available to it
- The Company will call or meet delinquent customers between 0700 hrs. to 1900 hours, unless special circumstances of the borrower's business/schedules require to call/meet them otherwise outside the hours mentioned
- The Company may arrange for enforcing security charged to it of the delinquent borrower, if required, with an aim only to recover dues, cost and expenses of such enforcement action

### **Internal control system**

As the primary responsibility for compliance with the Directions (as set forth by the regulatory authorities as well as by the Board of Directors) rest with the Company, necessary organizational arrangements shall be made to assign responsibility for compliance to designated individuals within the Company and establish systems for internal control including audit and periodic inspection to ensure the same.

### **Confidentiality**

- Unless authorized by the customer, the Company will treat all personal information of the customer as private and confidential
- The Company shall not reveal transaction details to any other entity including within the group other than the following exceptional cases
  - If the Company must provide the information under statutory or regulatory laws
  - If revealing the information is in public interest
  - If its interest requires the Company to provide this information (e.g. fraud prevention)
  - If customer has given consent/concurrence to provide/share such information to its group/associate/entities or companies for providing other products or services
  - Where the customer specifically asks the Company to reveal such information to its group/associate/entities or companies for providing other services or products
- The Company will not use the above reasons for giving information about customers to anyone else (including group companies/relatives/peers etc.) for marketing purposes

### **Grievance Redressal Mechanism**

The Board of Directors of the Company has laid down the grievance redressal mechanism within the organization to resolve disputes arising with regards to Fair Practices followed by the Company. The mechanism proposes to ensure that all disputes arising out of the decisions of the company's functionaries are heard and disposed of at least at the next higher level. The Board of Directors shall periodically review of the functioning of the Grievances Redressal Mechanism at various levels of management at intervals as may be prescribed by it from time to time.



The key steps in the redressal mechanisms are as follows;

- An aggrieved customer (in connection with any matter pertaining to business practices, lending decisions, credit management and recovery) can register his/her complaint on the Company's dedicated email ID: [customercare@nafa.co.in](mailto:customercare@nafa.co.in) or can submit his/her written complaint, addressing to the Nodal Grievance Officer (NGO), at the nearest premise/office/branch of the Company
- The Company has a Nodal Grievance Officer, who will examine the matter and respond to complaints as soon as possible
- The Company shall make available facilities at each of its premises/branches/offices for the customers to lodge and/or submit their complaints or grievances if any
- The Company's Grievance Redressal Machinery will also deal with the issue relating to services provided by the outsourced agency
- The Company has kept displayed the following information prominently, for the benefit of its customers, in its website/s and at all its office premises where business is transacted:

The name and contact details (Telephone / Mobile nos. as also email address) of the Nodal Grievance Officer (NGO), which is also provided below;

#### **Head- Compliance**

**Netafim Agricultural Financing Agency Pvt. Ltd. (NAFA)**

**308, Windfall, 3rd Floor, D Wing, Sahar Plaza Complex, J B Nagar, Andheri Kurla Road, Andheri East, Mumbai - 400059, Maharashtra, India.**

In the event of complaint/dispute remains unresolved for a period more than one month the customer may appeal with Officer-in-Charge of the Regional Office of DNBS of RBI, under whose jurisdiction the registered office of the Company falls. Contact detail of Officer-in-Charge of the Regional Office of DNBS of RBI is as follows -

#### **"The General Manager"**

**Department of Non-Banking Supervision, Reserve Bank of India,**

**Mumbai Regional Office, Garment House, Dr A. B. Road, Worli, Mumbai – 400 018**

- **Duties of NGO**  
After receiving customer's complaint through e-mail or written letters, NGO will examine the matter and respond to complaints within 30 days from the date of receipt of such complaint  
If the customer is not satisfied with the responses, then the NGO will provide guidance to such customer on escalation mechanism  
NGO will submit the Grievances Redressal report to management at the end of each quarter

#### **Review**

A periodical review of the Fair Practices Code and the functioning of the Grievances Redressal mechanism at various levels of management would be undertaken by the Company. During the reviews, the Company may refine the Code, as may be required based on its own experience, changes in the business environment and changes in existing regulatory guidelines or issuance of fresh regulatory guidelines, if any, in this regard.

The code guidelines shall be formally reviewed & updated at least on an annual basis and/or as & when interim changes/modifications are required either due to internal policy changes or due to directives from the regulatory/statutory authority/ies. The reviewed and updated code guidelines shall be submitted by the Company management to the Board of Directors for its review at least on a yearly basis while the review of the effectiveness & performance of the Grievance Redressal Mechanism shall be conducted more frequently as decided by it from time to time.

