

FAIR PRACTICES CODE (FPC)
OF
EDGRO FINANCE PRIVATE LIMITED

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1. BACKGROUND, OBJECTIVES AND APPLICABILITY

1.1 Background

EDGRO Finance Private Limited ("**Company**") is a Non-Banking Financial Company ("**NBFC**") registered with the Reserve Bank of India ('RBI') under the Section 45-IA of the Reserve Bank of India Act, 1934.

The Company, as a base layer NBFC, is required to comply with the Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023

Under the RBI Directions, the 'Guidelines on the Fair Practices Code' ("**Guidelines on FPC**") have been prescribed. Further, the RBI has prescribed '**Guidelines on Digital Lending**' vide notification dated September 02, 2022. Accordingly, the Company, as an NBFC which is into digital lending, is required to comply with the RBI Directions and the Guidelines on Digital Lending.

In view of the above regulatory requirements, the Company has adopted this Fair Practices Code ("**FPC**") with the approval of its Board of Directors ("**Board**").

1.2 Purpose of the FPC

The objectives of the FPC are as under:

- (i) To implement fair and transparent business practices while dealing with its customers/ borrowers.
- (ii) To increase transparency so that the customers can have a better understanding of the products/ services being offered by the Company.
- (iii) To ensure adherence to the contractual obligations and the legally valid practices while conducting recovery of loans and advances.

1.3 Applicability of the FPC

This FPC shall apply across all aspects of the Company's lending business operations including digital lending, marketing, loan origination, processing, servicing, collection activities etc. This version of the FPC, once approved by the Board, shall supersede all previous versions of the FPC, if any.

2. UNIFORM CODES APPLICABLE TO ALL LENDING ACTIVITIES OF THE COMPANY

2.1 Applications for Loans and their Processing

1. All communications to the customer by the Company shall be in English language or a language as understood by the customer of the Company.
2. At the application stage, to ensure transparency with its customers, the Company shall provide all necessary information which affects the interest of the customer. Such information (which should include required fees/ charges, if any, payable for processing of the application, non-refundable fees in case of rejection of loan proposal, pre-payment options etc.) shall be provided so that a meaningful comparison with the terms and conditions offered by other NBFCs can be made and informed decisions can be taken by the customer.
3. The Company shall provide acknowledgment after receipt of a loan application, indicating the time frame within which loan applications would be disposed off.
- 4.
5. The Company, at the application stage, shall indicate the documents required to be submitted with the application form.

6. The customer shall be informed about the status of his/ her loan application, as and when required.

2.2 Loan Appraisal Terms and Conditions

1. The Company, after reviewing the information submitted by a customer, shall seek any additional data/ information promptly, if required, to facilitate expeditious disposal of the loan application.
2. The Company shall convey key terms & conditions of the loan in writing, in English or a language as it is understood by its customer, by means of Sanction letter or in writing in any other form, which shall include:
 - a) The amount of loans is sanctioned along with the terms and conditions including annualized Rate of Interest.
 - b) Penal Interest Rate (annualized) and the charges payable by the customers in relation to their loan account and method of application thereof.
 - c) The customer shall be required to provide acceptance of terms and conditions of the sanction if he/ she intends to avail the loan. Any such acceptance of the terms and conditions shall be kept on record by the Company.
3. Penal Charges charged for late repayment of loan shall be mentioned in bold in the loan agreement.
4. The Company shall furnish a copy of the loan agreement along with a copy of all relevant enclosures quoted in the loan agreement to all the borrowers at the time of sanction/ disbursement of the loan.

2.3 Disbursement of Loan and Changes in Terms & Conditions

1. The Company shall give notice to its borrowers in English, or a language as understood by the borrower regarding any change in the terms and conditions including changes relating to Disbursement Schedule, Interest Rates, Service Charges, Prepayment Charges etc.
2. Changes in the interest rates and charges shall be made effective prospectively. A suitable condition in this regard shall be incorporated in the loan agreement, as applicable.
3. The decision to recall/ accelerate payment or performance under the agreement shall be in consonance with the loan agreement.
4. 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 the Company may have against the borrower. If such a right of set off is to be exercised, the borrower shall 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.

- 2.4 **Customer Grievance Redressal Mechanism-** The Company, with the approval of its Board of Directors, shall adopt a Customer Grievance Redressal Policy which shall define Customer Grievance Redressal Mechanism to be followed by the Company. Such a mechanism shall also deal with the issues relating to services provided by any outsourced agency engaged by the Company.

- 2.5 **Language and Mode of Communicating the FPC:** The Company shall put in place the FPC in English language. However, wherever required, the Company shall also make the FPC available in regional/ vernacular languages for the customers who are unable to understand the English language and request for the FPC in vernacular language.

2.6 Code with respect to Rate of Interest:

1. The Company, with the approval of its Board, shall adopt an interest rate model considering relevant factors such as the cost of funds, margin and risk premium and determine the rate of interest to be charged for loans and advances.
2. The Company, in the application form and the sanction letter, shall disclose to its borrower's rate of interest, the approach for gradations of risk and rationale for charging different rate of interest to different categories of borrowers. The rates of interest and approach for gradation of risk shall also be made available on the website of the Company.
3. The Company shall inform annualized rate to its borrowers to make them aware of the exact rates that would be charged to the respective loan account.

2.7 Ombudsman Scheme: The Company shall ensure compliance with 'the Reserve Bank- Integrated Ombudsman Scheme, 2021', as and when it becomes applicable to the Company.

2.8 Other Elements of the FPC:

1. The Company shall refrain from interference in the affairs of the borrower except for the purposes provided in the terms and conditions of the loan agreement (unless information, not earlier disclosed by the borrower, has been noticed).
2. In case of receipt of request from the borrower for transfer of loan account, the consent or otherwise i.e., objection from the Company, if any, shall be conveyed within 21 days from the date of receipt of request. Such transfer shall be as per transparent contractual terms in consonance with the applicable laws.
3. If the customer does not adhere to the agreed repayment schedule, a defined process in accordance with the applicable laws shall be followed for recovery of dues. This process may include actions like reminding the customer by sending the notice or by making personal visits and/ or repossession of security, if any. In case of default, the Company may refer the case to a recovery agent. The Company shall ensure that its process of recovery does not involve harassment of the customer.
4. The Company shall ensure that its staff are adequately trained to deal with the customers in an appropriate manner.
5. The Company shall not charge foreclosure charges/ pre-payment penalties on any floating rate term loans sanctioned to individual borrowers for purposes other than business.
6. All personal information of the customer would be confidential and would not be disclosed to any third party unless agreed to by the customer in writing. However, the Company may share/ disclose such customer information in any of the following circumstances:
 - a) If data/ information sought by any Court of Law, Law Enforcement Agency, Credit Information Companies, RBI, banks, other financial institution/ company, and any other statutory other regulatory authority/ body.
 - b) If the Company is required to share/ disclose the information to comply/ adhere to any legal/ statutory/ regulatory obligations.
 - c) If it is in Public Interest to reveal the information.
 - d) If the Company is required to share/ disclose the information to safeguard its interest in accordance with applicable law.

3. ADDITIONAL NORMS FOR THE LOANS SOURCED OVER A DIGITAL LENDING PLATFORM

3.1 Norms for Loans Sourced by the Company over Digital Lending Platform- In case, the Company sources borrowers and/ or recovers dues through any digital lending platform (irrespective whether own digital lending platform or an outsourced platform), the Company shall abide by this FPC and regulatory instructions on outsourcing of financial services and IT services, in letter and spirit.

If the Company engages any digital lending platform as its agent to source borrowers and/ or to recover dues, the Company shall ensure adherence with the following instructions:

1. The names of digital lending platforms engaged as agents shall be disclosed on the website of the Company.
2. Digital lending platforms engaged as agents shall be directed to disclose upfront to the customer, the name of the Company on whose behalf they are interacting with him.
3. Immediately after sanction but before execution of the loan agreement, the sanction letter shall be issued to the borrower on the letter head of the Company.
4. A copy of the loan agreement along with a copy each of all enclosures quoted in the loan agreement shall be furnished to all borrowers at the time of sanction/ disbursement of loans.
5. Effective oversight and monitoring shall be ensured over the digital lending platforms engaged by the Company.
6. Adequate efforts shall be made towards creation of awareness about the grievance redressal mechanism.

3.2 Norms to be followed for the Digital Lending Business- The Company shall ensure compliance with the following additional norms for its Digital Lending business:

1. **Annual Percentage Rate (APR):** APR is the effective annualised rate charged to the borrower of a digital loan. APR should be based on an all-inclusive cost and margin including cost of funds, credit cost and operating cost, processing fee, verification charges, maintenance charges, etc., and exclude contingent charges like penal charges, late payment charges, etc.
2. **Cooling off/look-up period:** A cooling off/ look-up period is the time window as determined by the Board of the RE which shall be given to borrowers for exiting digital loans, in case a borrower decides not to continue with the loan.
3. **Digital Lending Apps/Platforms (DLAs):** Mobile and web-based applications with user interface that facilitate digital lending services. DLAs will include apps of the Regulated Entities (REs) as well as those operated by Lending Service Providers (LSPs) engaged by REs for extending any credit facilitation services in conformity with extant outsourcing guidelines issued by the Reserve Bank.
4. **Lending Service Provider (LSP):** An agent of a Regulated Entity who carries out one or more of lender's functions or part thereof in customer acquisition, underwriting support, pricing support, servicing, monitoring, recovery of specific loan or loan portfolio on behalf of REs in conformity with extant outsourcing guidelines issued by the Reserve Bank.
5. **Key Fact Statement ("KFS"):** The Company shall provide a KFS, in the standard format prescribed by the RBI, to the borrower before the execution of the contract. The penal interest shall be disclosed upfront on an annualized basis to the borrower in the Key Fact Statement (KFS). The KFS shall, apart from other necessary information, contain:
 - a) Details of APR as all-inclusive cost of digital loans for the borrower
 - b) The recovery mechanism,
 - c) Details of grievance redressal officer designed specifically to deal with digital lending/ FinTech related matter,
 - d) Cooling-off/ look-up period which is currently offered for 15 days from the date of disbursal.
6. **Loan Disbursal, Servicing and Repayment-** All loan servicing, repayment, etc., should be executed by the borrower directly in the Company's bank account. The disbursements shall always be made into the bank account of the borrower except for disbursals covered exclusively under statutory or regulatory mandate (of RBI or of any other regulator) or in a co-lending arrangement or disbursals for specific end use, provided the loan is disbursed directly into the bank account of the end-beneficiary.

7. **Payment of Fees/ Charges:** Any fees, charges, etc., payable by the Company to its Lending Service Provider ("LSP") shall be paid directly by the Company to the LSP. The penal interest/charges levied, if any, on the borrowers shall be based on the outstanding amount of the loan.
8. **Copy of executed documents to be shared with the customer-** The Company shall ensure that digitally signed documents (on its letter head) viz., KFS, summary of loan product, sanction letter, terms and conditions, account statements etc. shall automatically flow to the borrowers on their registered and verified email/ SMS upon execution of the loan contract/ transactions.
9. **List of LSPs-** The Company shall publish the list of Digital Lending Apps ("DLAs")/ LSPs engaged by it with the details of the activities for which they have been engaged, on its website.
10. **Product Information-** The Company shall ensure that DLAs engaged by it, at on-boarding/sign-up stage, prominently display information relating to the product features, loan limit and cost, etc. to the borrowers.
11. **Details of Recovery Agent-** The Company shall communicate to the borrower, at the time of sanctioning of the loan and also at the time of passing on the recovery responsibilities to an LSP or change in the LSP responsible for recovery, the details of the LSP acting as recovery agent who is authorised to approach the borrower for recovery.
12. **Link to website of the Company-** The Company shall ensure that DLAs/ LSPs, engaged by it, provide link to its website where further/ detailed information about the loan products, the lender, the LSP, particulars of customer care, privacy policies, link to Sachet Portal of the RBI etc. can be accessed by the borrowers.
13. **Collection, Usage and Sharing of Data with Third Parties-** The Company shall ensure that any collection of data/ personal information by the DLAs/ LSPs, engaged by it, is need-based and with prior and explicit consent of the borrower. Further, the purpose of obtaining borrowers' consent shall be disclosed. The borrower shall be provided with an option to give or deny consent for use of specific data, restrict disclosure to third parties, data retention, revoke consent already granted to collect personal data and if required, make the app delete/ forget the data.
14. The Company shall bind its DLAs to ensure that they desist from accessing mobile phone resources (of the borrower) like files, media, contact list, call logs, telephony functions, etc. However, one-time access may be taken from the borrower for camera, microphone, location or any other facility necessary for on-boarding/ KYC requirements only, with the explicit consent of the borrower. Explicit consent of the borrower shall be taken before sharing personal information with any third party, except for cases where such sharing is required as per statutory or regulatory requirement.
15. **Comprehensive Privacy Policy-** The Company shall ensure that DLAs and LSPs engaged by it have a comprehensive privacy policy compliant with applicable laws, associated regulations and RBI guidelines and such privacy policy is available publicly. Details of any third parties (where applicable) allowed to collect personal information through the DLA shall also be disclosed in the privacy policy.
16. **No Automatic Increase in Credit Limit-** The Company shall ensure that there is no automatic increase in the credit limit unless explicit consent of borrower is taken on record for each such increase.
17. **Nodal Officer cum Grievance Redressal Officer-** The Company shall ensure that it and the LSPs engaged by them shall have a suitable Nodal Officer cum Grievance Redressal Officer to deal with FinTech/ digital lending related complaints/ issues raised by the borrowers. Contact details of Grievance Redressal Officers should be prominently displayed on the websites of the Company, its LSPs and on DLAs and in the KFS provided to the borrower. Further, the facility of lodging complaints should also be made available on the DLA and on respective websites. The updated Customer Grievance Redressal Mechanism of the Company is enclosed herewith **Annexure-1**.

18. **Technology standards** – Company shall ensure that they and the LSPs engaged by them comply with various technology standards/ requirements on cybersecurity stipulated by RBI and other agencies, or as may be specified from time to time, for undertaking digital lending.
19. **Reporting to Credit Information Companies (“CIC”)** – The Company shall ensure that any lending done through their DLAs and/or DLAs of LSPs is reported to CICs irrespective of its nature/ tenor. Extension of structured digital lending products by the Company and/or LSPs engaged by Company over a merchant platform involving short term, unsecured/ secured credits or deferred payments, need to be reported to CICs by the Company.

4. **RESPONSIBILITY OF BOARD OF DIRECTORS**

The Board of Directors shall annually review the compliance of the FPC, and the functioning of the Customer Grievance Redressal Mechanism should be either reviewed by the Consumer Protection Committee (**CPC**) or the Board of Directors of the Company. A consolidated report in this regard shall be submitted to the Board on a periodic basis by CPC.

5. **REVIEW OF THE FPC**

The FPC shall be reviewed by the Board at least once a year or as and when necessitated by the regulatory amendments or otherwise. Notwithstanding anything contained in this FPC, any existing rules/ regulations, laws or modification thereof or enactment of any new applicable law, the provisions under such law, rules/ regulations or enactment shall prevail over this FPC.

Annexure 1**CUSTOMER GRIEVANCE REDRESSAL MECHANISM**

This Customer Grievance Redressal Mechanism adopted shall apply to the Company, its employees and its representatives while dealing with its customers and redressal of customer grievances relating to the Company's lending business including digital lending business and outsourced services.

1. **Channels to register a complaint:** Any customer having a grievance or complaint with respect to the products and services offered by the Company may write to the Company through any of the following channels:
 - a) **Email:** info@edgrofin.com
 - b) **Call at:** +91- 7669571400
 - c) **Letter at the Address:** The Customer Service Department, EDGRO Finance Private Limited, 2nd Floor, No:1614/1615, Enzyme, 7th Cross, 19th Main Road, Sector 1, HSR Layout, Bengaluru, Karnataka, 5601012
2. **How a complaint should be made:** The customers shall be required to provide necessary loan details i.e. Loan Account Number, Details of Feedback/ Suggestion/ Complaint and valid Contact Information including phone no. & e-mail ID while providing their feedback or lodging complaint with the Company.
3. **When should customer expect a reply-** As each customer query/ complaint could be unique in nature, the resolution of complaint may take up to 4 weeks after internal investigation. If more time is required, the Company shall make the customer aware of the same.
4. **Escalation within the Company-** The name and contact details of the Grievance Redressal Officer who can be approached by the public for resolution of complaints against the Company are mentioned below:
 - a) **Guru Prasad,**
The Grievance Redressal Officer,
Edgro Finance Private Limited,
2nd Floor, No:1614/1615, Enzyme, 7th Cross,
19th Main Road, Sector 1, HSR Layout,
Bengaluru, Karnataka, 5601012
 - b) **Email:** gro@edgrofin.com
 - c) **Tel.** +91-7669571400
5. **Channels for Escalation to the RBI-** If the complaint / dispute is not redressed within a period of one month by the Company, the customer may escalate to the RBI by writing to the following:
 - a) **The General Manager in-charge, Department of Supervision, the Reserve Bank of India, 10/3/8, Nrupathunga Road, Bengaluru- 560001; Email:** blssmbangalore@rbi.org.in
 - b) **The complaint may be lodged online with the RBI through the portal designed for the purpose** (<https://cms.rbi.org.in>) and/or RBI Sachet portal i.e. available on link (<https://sachet.rbi.org.in>).

Display of the Grievance Redressal Mechanism and the GRO - The Company shall display, on its website and its each branch, the above Grievances Redressal Mechanism adopted by the Company. Contact details of the GRO shall be prominently displayed on the websites and branches of the Company, its LSPs and on respective Digital Lending Apps ("DLAs") and also in the Key Fact Statement provided to the borrower. Further, the facility of lodging complaints shall also be made available on the DLA and on respective websites.

<End of the FPC>