

Fair Practices Code

Version 3.0

“The Document provides an overview of practices followed by the Company in respect of financial services and facilities offered to the customers.”

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Version Control

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1.0	First Version	November 2022	Compliance and Secretarial Department
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Introduction

This Fair Practice Code is aimed to provide to all the stake holders, especially customers effective overview of practices followed in respect of the financial facilities and services offered by Ecofy Finance Private Limited (formerly known as Accretive Cleantech Finance Pvt Ltd) (Ecofy) to its customers.

1. Objectives

- 1.1. To promote good practices and ensure good practices in dealing with customers.
- 1.2. To promote a fair relationship between the customer and Company.
- 1.3. To ensure compliance with legal norms in matters relating to recovery of advances.
- 1.4. To strengthen mechanisms for redressal of customer grievances.

2. Applicability

The Company has adopted this Fair Practices Code (“the Code”) and have implemented it. The Code applies to all categories of products and services offered by the Company (currently offered and which may be introduced in future).

3. Applications for Loans and their Processing

- 3.1. Loan application forms issued by the Company shall include necessary information, which affects the interest of the borrower 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 borrower.
- 3.2. All communication will be made in a language understood by the customers/borrowers or in a vernacular language, wherever required.
- 3.3. The Company shall devise a system of giving acknowledgement for receipt of all loan applications. The time frame within which loan applications shall be disposed of shall also be indicated in the acknowledgement.
- 3.4. The loan application form shall indicate the documents required to be submitted along with the application form. The Company shall collect all necessary documents to comply with Know Your Customer Norms (KYC norms) of RBI.
- 3.5. If any additional details/ documents are required, the Company shall intimate the borrowers immediately.

4. Loan Appraisal and Terms & Conditions

The Loan sanctioned along with the detailed terms and conditions shall be communicated by means of a Sanction Letter in the vernacular language or other language as understood by the borrower and obtain the consent of a borrower. The copy of the Sanction Letter to be maintained with the Branch/ Head Office as record.

- 4.1. The Company shall conduct a due diligence on the credit worthiness of the borrower, which will be an important parameter for taking decision on processing of the application. The assessment would be in line with the Company's internal policies, norms, and procedures in respect thereof.
- 4.2. The Company, upon approval of the loan, shall convey the applicant through an agreement cum sanction letter or otherwise indicating the amount of loan, annualized rate of interest including method of application along with the terms and conditions.
- 4.3. To ensure that there the Customers are not charged excessive interest rate, the Company shall adopt interest rate model considering relevant factors such as cost of funds, margin & risk premium, and regulatory cap etc., duly approved by Board. The Company shall disclose rate of interest for different set of products through formal communications, display in all Branch premises and website. The Company shall also communicate the rate of interest explicitly in the sanction letter. 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. The information published on the website shall be updated whenever there is a change in the rates of interest.
- 4.4. The Company shall obtain an acceptance from the borrower of the loan terms & conditions as stipulated in Loan agreement and maintain a record of such acceptance. The Company shall furnish a copy of the loan agreement as understood by the borrowers along with all the enclosures quoted in the loan agreement to the borrowers.
- 4.5. Foreclosure charges are to be applied as per the regulatory directions issued from time to time.

5. Disbursement of loans including changes in terms and condition

- 5.1. The Company shall give notice to all its borrowers of any change in the terms and conditions - including disbursement schedule, interest rates, service charges, prepayment charges etc. Any changes to the above charges shall be made prospectively.
- 5.2. **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.
- 5.3.** Any decision to recall/accelerate payment or performance under the loan agreement shall be inconsonance with the loan agreement.
- 5.4.** All securities pertaining to the loan would be released on receipt of full and final payment of the loans, subject to any legitimate right or lien, and set-off for any other claim that Ecofy may have against the borrowers. If such 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 Ecofy is entitled to retain the securities until the relevant claim is settled / paid.

6. Repossession

The Company has included the repossession clause in the loan agreement with the borrower that would be legally enforceable. To ensure transparency, the terms and conditions of the contract/loan agreement will include provisions regarding:

- 6.1.** Notice period before taking possession.
- 6.2.** Circumstances under which the notice period can be waived.
- 6.3.** The procedure for taking possession of the security.
- 6.4.** A provision regarding final chance to be given to the borrower for repayment of loan before the sale / auction of the asset.
- 6.5.** The procedure for giving repossession to the borrower and
- 6.6.** the procedure for sale / auction of the asset.

7. Grievance Redressal Mechanism

The Company aims to provide best customer service and is consistently striving on creating a robust and efficient customer service platform. We have a 2-level grievance redressal mechanism in place where customers can reach out for resolution of their queries, requests or complaints.

- 7.1. Step 1:**
The Company would provide contact details basis which the customer can approach with the grievance – the communication can be via phone, email, or a letter to the Company's registered address.
- 7.2. Step 2:**
If the customer is still dissatisfied with the resolution received, he or she may write to our Grievance Redressal Officer/ Principal Nodal Officer.

The detailed Grievance Redressal Mechanism is available on the website on the Company.

8. Integrated Ombudsman Scheme

The Integrated Ombudsman Scheme, 2021 is effective from November 12, 2021. The Scheme adopts 'One Nation One Ombudsman' approach by making the RBI Ombudsman mechanism jurisdiction neutral. It integrates the existing three Ombudsman schemes of RBI namely, (i) the Banking Ombudsman Scheme, 2006; (ii) the Ombudsman Scheme for Non-Banking Financial Companies, 2018; and (iii) the Ombudsman Scheme for Digital Transactions, 2019.

9. General Criteria

- 9.1. The Company shall not interfere in the affairs of the borrower except for the purposes provided in the Loan Agreement unless new information not earlier disclosed by the borrower has come to the notice of the Company.
- 9.2. The Company shall keep personal client information strictly confidential.
- 9.3. The Company shall disclose client information to a third party only under the following conditions:
 1. Customer has been informed about such disclosure and permission has been obtained in writing.
 2. The party in question has been authorized by the client to obtain client information from the Company.
 3. It is Regulatory or legally required to do so.
- 9.4. In the matter of recovery of loans, the Company shall follow the usual measures as per the laid down guidelines and existing provisions and would operate within the legal framework and in compliance with the applicable laws and regulations.
- 9.5. The Company would not resort to undue harassment, viz., persistently bothering the borrowers at odd hours, use of muscle power for recovery of loans etc. In this regard, the Company has an established code of conduct for debt collection wherein the staff or any person authorized to represent the Company in collection of dues are extensively trained.
- 9.6. The Company's collection policy is built on courtesy, fair treatment and persuasion. The Company believes in customer confidence and long-term relationship. The Company's staff or any person authorized to represent us in collection of dues or/and security repossession will identify himself/herself and interact with our customers in a courteous manner.
- 9.7. The Company shall provide customers all the information regarding dues and shall give sufficient notice for payment of dues. All customers will be contacted ordinarily at the place of their choice, in the absence of a specified place at the residence of the customer and if the customer is unavailable at the residence, at the customer's place of business/occupation.
- 9.8. The Company shall respect privacy of the customer and all interactions shall be in a civil manner. All assistance shall be provided to the customers to resolve differences or disputes in a mutually acceptable manner, if any, regarding the dues.
- 9.9. The Company shall display at its branches/offices, the name and contact details (Telephone / Mobile nos. / Email Address) of the Grievance Redressal Officer, Regional Office of the RBI and Grievance Redressal Mechanism followed by us.
- 9.10. Whenever a request for transfer of loan account is received from a borrower, the Company shall respond to the same within 21 (twenty-one) days of receipt of request. Acceptance or refusal thereof shall be in accordance with terms of the loan agreement.

- 9.11.** The Company is required to release all movable / immovable property documents upon receiving full repayment and closure of loan account. The procedure for covering the above aspects shall be displayed on the website of the Company.
- 9.12.** The Company shall not discriminate in extending products and facilities including loan facilities to the physically / visually challenged applicants on the grounds of disability. They shall be treated at par with the other applicants and their application shall be dealt on merit as per the credit process and policy of the Company. All possible assistance will be provided to the applicants with the disability (ies) to enable them to understand, select and avail appropriate product or loan facility.
- 9.13.** The Company shall ensure that its publicity and promotional literature and other materials are not misleading. In any advertisement and promotional literature that draws attention to a service or a product and includes a reference to an interest rate, the Company will indicate whether other fees and charges will apply, and shall disclose that the final sanction of the loan will be subject fulfilment of the relevant terms and conditions. The Company shall not use personal information of customers for marketing purposes by any entity including self, unless authorized by the customer.
- 9.14.** In case of outsourcing of any activity by the Company, the onus of compliance with the Code and relevant RBI directions shall rest with the Company. The Company shall be accountable to the Customer for any inappropriate behaviour by its employees or employees of the outsourced agency and shall provide timely grievance redressal to the Customer.
- 9.15.** This Code will be posted on the Company's website, and copies may also be obtained from its corporate and other offices.
- 9.16.** Loans Sourced over Digital Lending Platforms Wherever digital lending platforms are engaged as agents to source borrowers and/ or to recover dues, the Company shall follow the instructions as under:
- a. To display on the Company's website the Names of digital lending platforms engaged as agents.
 - b. Digital lending platforms engaged as agents shall be directed to disclose upfront to the customer, the Company's name on whose behalf they are interacting with the customer.
 - c. Immediately after sanction but before execution of the loan agreement, the sanction communication shall be issued to the borrower on the letterhead of the Company.
 - d. 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.
 - e. Effective oversight and monitoring shall be ensured over the digital lending platforms engaged the Company.
 - f. Adequate efforts shall be made towards creation of awareness about the grievance redressal mechanism.

A periodical review (at least annually) of the compliance of the Fair Practices Code and the functioning of the grievance's redressal mechanism shall be carried out and the report of such reviews shall be submitted to the Board.