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# ***Fair Practices Code***

Compliance Department

UGRO Capital Limited

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# **1**      ***Introduction***

The Fair Practice Code (hereinafter referred to as ‘the Code’) has been drafted in line with the Master Circular-Fair Practice Code’ issued by the Reserve Bank of India on July 01, 2015 - RBI/2015-16/16 DNBR (PD) CC.No.054/03.10.119/2015-16 and RBI Circular on Fair Practices for the Lenders – Charging of Interest dated April 29, 2024.

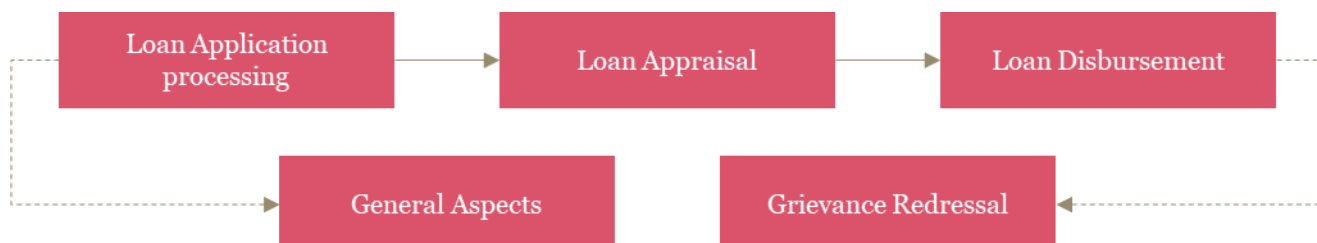
The Code covers general principles and practices followed by UGRO Capital Limited (hereinafter referred to as ‘the Company’ in serving our customers. It has been formulated to ensure –

- Fair and transparent practices in dealing with the customers.
- Fair relationship with the customers
- Regulatory compliance with regard to customer interaction
- Robust customer grievances redressal mechanism

The Code will be applicable to all the categories of products and services offered by the Company and also apply to our related operations such as customer sourcing, loan processing, loan servicing and collection activities.

## 2 Principles and Practices

The principles and practices followed by the Company has been categorized as per the following keycomponents in the credit lifecycle.



### 2.1 Loan applications and processing

- All communications to the borrowers shall be in the vernacular language or in a language understood by them.
- Loan application forms shall include all 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 the borrower.
- The loan application form shall enlist the list of mandatory documents required to be submitted by the borrower, along with the application form, while applying for any of the credit facilities offered by the company.
- The loan application form will include the rate of interest charged and rationale for charging different rates of interest to different categories of borrowers. The rates of interest and the approach for ` of risks shall also be made available on the company's website.
- On receipt of loan application, the Company shall give an acknowledgment to the borrower. Preferably, the time frame within which loan applications will be disposed of should also be indicated in the acknowledgement.
- The Company shall verify the loan applications within a reasonable period of time and if additional details/ documents are required, it will accordingly intimate the borrowers.

### 2.2 Loan appraisal

- All the loan applications will be fairly assessed in line with the company's board approved credit policies and procedures.
- The Company shall convey in writing to the borrower in the vernacular language as understood by them, the amount of loan sanctioned along with the terms and conditions including annualized rate of interest and method of application thereof and keep the acceptance of these terms and conditions by the borrower on its record. The penal (additional) interest to be charged for late repayment shall be explicitly highlighted in bold in the loan agreements.
- In case of loan rejection the same shall also be communicated in writing to the borrowers in the language as understood by them.

A copy of the loan agreement along with a copy of all enclosures quoted in the loan agreement shall be provided to the borrower in the language as understood by them.

### **2.3 Disbursement of loans including changes in terms and conditions**

- The company will ensure timely disbursement of loans as per the agreed terms and conditions.
- The Company shall make disbursement through any of the electronic modes including RTGS / NEFT etc, except in cases where the borrower may specifically request disbursement through issuance of cheque.
- Interest shall be levied from the actual date of disbursement of the funds to the borrower and not from the date of sanction of loan or date of execution of loan agreement or the date of cheque, in case of cheque disbursement. Wherever the Company has offered interest moratorium to the borrowers, the interest may be levied after such interest moratorium period and such date shall not be prior to the actual disbursement date.
- In the case of disbursement or repayment of loans during the course of the month, interest will be charged only for the period for which the loan was outstanding and not for the entire month.
- In cases where the Company may collect one or more instalments in advance, the interest shall be levied only on the loan amount net of such advance instalments.
- The Company shall ensure that the actual date of fund transfer is captured as date of disbursement in the borrower's account and the same is reflected in the statement of account for each loan account.
- Any changes in interest rates and charges will take effect prospectively. A suitable clause to this effect shall be explicitly highlighted in the loan agreement.
- The Company shall furnish a copy of the loan agreement as understood by the borrower along with a copy of each of all enclosures quoted in the loan agreement to all the borrowers at the time of sanction / disbursement of loans.
- The company shall give notice in writing to the borrower, in a language as understood by them, of any change in the terms and conditions including disbursement schedule, interest rates, service charges, prepayment charges, etc.
- The decision to recall/ accelerate payment or performance under the agreement shall be in consonance with the loan agreement.
- The Company may cancel the loan on account of non-submission of pending documents as communicated in the sanction letter or breach of other terms after informing the customer. In such cases the processing fees shall not be refunded.
- All securities pertaining to the loan shall be released 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 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.



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## **3** *General*

### **3.1** Confidentiality

The Company shall respect the privacy of the customers and all the communication with the customers will be in a polite manner. Unless authorized by the customer, the Company shall not disclose the transaction details to any third party, except in following cases:

- Disclosure required under any statute or regulation.
- Public obligation to disclose such information.
- If it is in the interest of the Company to make such disclosure to any bank/ financial institution/ group companies and associate companies. (E.g., fraudulent transactions, suspicious transactions, etc.)

### **3.2** Interest Rates

- To ensure that customers are not charged excessive interest rates, the Company has formulated a Pricing Policy which details out the interest rate model adopted by the company which factors in cost of funds, margin and risk premium, etc. to 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 different rates 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 is also hosted on the Company's website.
- The rates of interest shall be annualized rates.
- The Company shall not charge foreclosure charges/ pre-payment penalties on all floating rate term loans sanctioned to individual borrowers other than business purposes.

### **3.3** Penal Charges

- The Company shall disclose the quantum and reason for penal charges to customers in the loan agreements entered into between the parties, and most important terms & conditions / Key Fact Statement (KFS), as applicable.
- The Company shall display critical terms and conditions on penal charges on their website, under the head 'Interest rate and Services Charges'.
- The Company shall at the time of sending reminders to borrowers with respect to non-compliance of material terms and conditions of the loan, communicate the applicable penal charges, and at the instance of levying of such penal charges, also mention the reason for the same to the relevant borrower.

- The Company shall ensure that the penalty for non-compliance of material terms and conditions of loan contract by the borrower shall be treated as 'penal charges' and shall not be levied in the form of 'penal interest' that is added to the rate of interest charged on the advances. Penal charge should not be capitalized, and no interest should be levied on penal charges and no additional component shall be introduced to the rate of interest.
- Penal charges for individual borrowers shall not be higher than charges levied on non-individual borrowers for similar non-compliance.

### **3.4**      Other general aspects

- The Company shall not interfere 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.
- The request for transfer of borrower account should be received in writing from the borrower. In case of transfer of borrower account the consent or otherwise i.e. objection of the Company, if any, shall be conveyed within 21 days from the date of receipt of such request. Such transfer shall be as per transparent contractual terms in consonance with the law.
- For 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. For this, the Company shall provide adequate training to the staff members to deal with the customers in an appropriate manner.



## 4 Grievance Redressal

- The Company believes in maintaining strong relationships with its customers and understands the importance of addressing complaints or grievances in an efficient manner. The Company has a robust grievance redressal mechanism to resolve customer disputes. The grievance redressal machinery will also deal with the issue/ complaints/ grievances relating to services provided by the outsourced agencies appointed by the Company.
- The Company shall endeavor to resolve all the customer disputes within 7 working days from the date of receipt of customer disputes.
- The Company has multiple channels of communication and following are modes through which customers can raise or escalate a complaint with us through below escalation matrix:

Escalation Matrix			
Levels	Contact Person/ Team	Mode through which the customer may connect	TAT to resolve the grievance
Level 1	Customer Service team	<ul style="list-style-type: none"> <li>i. <b>Email</b> – Customer can write to us at <a href="mailto:customercare@ugrocapital.com">customercare@ugrocapital.com</a></li> <li>ii. <b>Telephone</b> – Customer can call us on toll free number: 1800-202-8476 or on the contact number: 022 4182 1600 (Telephone Lines are open on 9.30 AM to 6.30 PM on all working days except first two Saturdays and all Sundays of the month and public holidays)</li> <li>i. <b>Post</b> – Customer can write to us at UGRO Capital Limited, Equinox Business Park, Tower 3, FourthFloor, Off BKC, LBS Road, Kurla, Mumbai, Maharashtra - 400070</li> </ul>	Within 7 working days from the date of receipt of customer disputes.
Level 2	Grievance Redressal Officer (GRO)  GRO Name: Mr. Satish Kumar	If the grievance is not resolved within 7 working days from the date of receipt of consumer disputes, the customer can escalate the grievance with GRO through below modes: <ul style="list-style-type: none"> <li>i. <b>Email</b> – Customer can write to us at <a href="mailto:grievance@ugrocapital.com">grievance@ugrocapital.com</a></li> <li>ii. <b>Telephone</b> – Customer can call us on 022 6826 9135 (Telephone lines are open on Monday to Friday from 9:30 AM to 6:00 PM)</li> </ul> (Please note that Grievance can only be escalated to GRO only when the complaint is not resolved by the customer service team within prescribed TAT or the customer is not satisfied with the resolution provided by the customer service	Within 7 working days from the date of escalation of grievance with GRO.

		team. It shall be mandatory to provide ticket number of the complaint/ grievance to GRO for grievance escalation to GRO)	
Level 3	Customer Grievance Committee	<p>If the customers are not satisfied with the resolution provided on their complaints, they may escalate their complaint to the ' Customer Grievance Committee in writing, at the below mentioned address:</p> <p>Customer Grievance Committee  UGRO Capital, Equinox Business Park, Tower 3, Fourth Floor, Off BKC, LBS Road, Kurla, Mumbai, Maharashtra – 400070</p>	Within 30 days of date of receipt of complaint.
Level 4	Officer in Charge of the Regional Office of Department of Supervision, Reserve Bank of India	<p>If the grievances/ complaints are not redressed within a period of one month, the customer may appeal to the Officer in Charge of the Regional Office of Department of Supervision, Reserve Bank of India via:</p> <p>Address:</p> <p>The Chief General Manager,  Department of Supervision,  Reserve Bank of India,  Centre – I, World Trade Centre,  Mumbai – 400005</p> <p><u>Telephone no:</u> 022 – 22150573</p> <p><u>Fax No:</u> 22180157</p>	-

- “Pursuant to RBI guideline (RBI/2017-18/133 DNBR.PD.CC.No 091/03.10.001/2017-18 and RBI/2015- 16/16 DNBR (PD) CC.No.054/03.10.119/2015-16) read with CEPD Notification No. CEPD.PRS.No.4535/13.01.004/2018/19 dated April 26, 2019 the Company has appointed Nodal Officers/Principal Nodal Officer. The Nodal Officers/Principal Nodal Officer will have the following responsibilities, -
  - Representing the company and furnishing information to the Ombudsman and the Appellate Authority in respect of complaints filed against the company.
  - Coordinating and liaising with the Customer Education and Protection Department (CEPD), RBI, Central Office.
- The name and contact details of the Grievance Redressal Officer / Principal Nodal Officer/Nodal officers, along with the name and contact details of the Ombudsman have been displayed at our branches and is hosted on the company’s website.
- The compliance officer of the Company shall be responsible for monitoring the email address of the grievance redressal division as designated by the Company for the purpose of registering complaints by customers.

### **Responsibilities of Customer Care Team**

- The customer care team is responsible for the resolution of a grievance to the utmost satisfaction of the customers. They are also responsible to send an acknowledgement for the grievance with tentative timelines for resolution.
- If in case the grievance has not been resolved, the team is required to make the customers aware of the alternative avenues available to escalate the grievance.
- In any case, where the customer care team manager is not in a position to address a grievance, he may refer the case to the Grievance Redressal Officer.
- Once the grievance has been resolved, it is required to inform the customers within the defined timelines.

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## **5** *Review of the Code*

- The Fair Practices Code shall be subject to annual review and periodic review in accordance with any regulatory or statutory requirement and shall be approved by the Board of the Company. A consolidated report of such reviews may be submitted to the Board at regular intervals.
- The company shall periodically review the compliance of the Fair Practices Code and the functioning of the grievance's redressal mechanism at various levels of management. A consolidated report of such reviews shall be submitted to the Board at regular intervals, as may be prescribed by it (Board).

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