



ELECTRONICA FINANCE LIMITED

LOAN POLICY

Version Control

Document version	Description of changes	Memorandum of change	Prepared by / Changed by	Proposed by	Owner Dept.	Approval Date
1.0	First	Introduction of Policy	Risk	CRO	Credit	08-Nov-2023



1. Introduction:

Electronica Finance Private Limited (hereafter called "The Company") is a Non-deposit taking systemically important NBFC registered with RBI and presently classified in the middle layer under the scale based regulations of RBI.

The Company is adopting this Loan Policy which provides the guiding framework for the lending business of the Company.

This policy shall be in compliance with the applicable RBI Master Directions as amended from time to time. In case of any conflicting provisions between the RBI Master Directions and this policy, the RBI Master Directions shall prevail.

2. Policy Objectives:

This policy document on loans and advances outlines the guiding principles in respect of formulation of various loan/ credit facility products offered by the company and the terms and conditions governing the same. Objective shall also be to provide transparency through better customer awareness and customer communication in all transactions.

3. Lending business:

EFL is currently providing loans at pan-India level including in the States of Rajasthan, Gujarat, Maharashtra, Madhya Pradesh, Delhi NCR, Haryana, Uttar Pradesh, Telangana, West Bengal, Uttarakhand, Tamil Nadu, Karnataka, Jharkhand, Punjab and certain Union Territories. EFL shall continue its geographic expansion and enter other Indian states in the near future. Loans provided by the company are segregated in segments like: -

- a) Micro Small and Medium Enterprises ('MSME') loans (secured and unsecured) with machinery, equipment, properties as collateral
- b) Loan Against Property,
- c) Rooftop solar finance
- d) Top up/Additional loan provided to existing borrowers.
- e) Two-wheeler loan;
- f) Other Credit facilities: Unsecured loans, Lease facility, NBFC lending

The customer profile includes business enterprises (MSMEs), small business owners, firms, companies, NBFC profiles, first time borrowers, weaker sections, agriculture based profiles, etc.

The company shall expand its business in new areas based on business opportunity observed and all future expansion shall be within the business plan approved by the Board.

4. Know Your Customer ('KYC') And Anti-Money Laundering ('AML') Guideline:

EFL has formulated its KYC and AML policy. Such policy shall be followed while on-boarding customers across various products. All KYC documents as mentioned in the KYC Policy shall be collected. Additionally, guidelines on anti-money laundering as mentioned in the policy shall be adhered to by credit while sanctioning the loan.

5. Restrictions On Funding:

There are pre-defined restrictions on the funding of loans and advances with regard to the customer profile, area/address/type of the borrower or guarantor, etc. The product policy or standard operation procedure maintained by credit function shall provide for parameters relating to the aforesaid aspects including maintaining no-go areas and no-go customer profiles which shall be updated periodically at suitable intervals to be decided by the Credit function. Credit shall take cognizance of the Environment, Social and Governance (ESG) policy of the Company while sanctioning credit to customers. Adequate due-diligence of the borrower shall be performed by Credit function before loan sanction and documented suitably.

6. Gradation of Risk:

The risk premium attached with a customer shall be assessed inter-alia based on the following factors:

- Profile and reputation of the borrower;
- Historical performance of similar homogenous pools of borrowers;
- Profile, strength, experience, income/earnings of the borrower;
- Existing relationship with the borrower, repayment track record of existing borrower, credit history as revealed from available sources;
- Type of asset being financed, end use of the loan represented by the underlying asset;
- Nature and value of collateral / security;
- Overall customer yield, repayment capacity based on cash flows and other financial commitments of the borrower,
- Regulatory guidelines and exposure limits
- Market offerings;
- external ratings etc.
- Any other factors that may be relevant in a particular case

7. Interest Rates:

Company presently has a fixed interest rate lending policy. Based on borrowing cost of the Company, operating expenses, credit costs, customer risk profile, security offered and external factors like competition pricing, the interest rate for the credit facility is decided and communicated to the borrower. Presently, it is proposed that the interest rate for loans and advances shall on an annualized basis can be up to 36% p.a. for the entire tenure

8. Charges and Rebates:

Apart from interest rate on the loans and advances, the Company shall be entitled to levy various charges on the customers towards charges, levies, other costs as maybe incurred by the Company during the tenure of the loan transaction. Such charges can be at the time of origination or during the tenure of the loan or at the time of closure (normal or foreclosure). The Company has defined a schedule of charges and the same is annexed hereto as Annexure-1.

Further, any taxes, duties, other levies of any government, government authority, regulatory authority, market institutions shall be over and above the charges and recovered from the customer. The Company at its sole discretion can suitably introduce changes and/or modify in any or all of the charges mentioned in the schedule as per the Company policy. The Company at its sole discretion can also waive all or any of the charges for any customer(s) if it is in the the best interest of the customer. The Company at its discretion can provide rebate on interest or fees for certain customers. Any change in the schedule of charges shall be communicated to the customers.

9. Credit Information Companies:

In compliance with the applicable RBI Master Directions, the Company shall be entitled to file credit information relating to its customer / borrower with the four credit information companies. This includes customer details, particulars of loans, credit history in servicing of the loans and such other information as maybe required to be submitted under the regulations, as amended from time to time.

The Company shall be entitled to verify the credit history of the prospective customer / borrower as part of the credit sanction process. The Company at its discretion and based on internal credit parameters is entitled to not proceed with the credit sanction for a prospective borrower, based on the credit information accessed from the credit information companies.

10.Registration of charges:

For all secured loans, the Company shall be entitled to register its charge it has on the assets of the borrower, under the terms of sanction of the loan with the relevant regulatory authority. Such charge can be registered with Ministry of Corporate Affairs (MCA) for corporate borrowers and / or Central Registry of Securitisation Asset Reconstruction and Security Interest of India (CERSAI) for all categories of borrowers, Information Utilities under the Insolvency and Bankruptcy Code, and such other regulatory authorities as maybe required under the regulations, for the purpose of enforcement of security interest in an event of default.

11.Single party & Group Exposure Limit (Concentration of credit):

The company shall not lend to any single borrower or any single group of borrowers more than the limits prescribed by the Board of Directors / Committee of the Board of the Company from time to time.

12.Additional Loan/ Top Up Loan:

Additional Loan or top up on existing loan shall be granted to existing customers only. These loans are generally sanctioned to meet the short term funds requirement of the customer based on customer profile and repayment history. Such credit facilities can be granted as per credit policy and following due process including recording the purpose and requirement of additional loan or top up loan. Interest rate for such facilities shall be as per interest rate policy and based on credit parameters evaluated. All proposed terms and conditions of such facility shall be duly recorded, approved internally and communicated to the borrower.

13.Credit Authority:

Authority for sanctioning / approving the loans/credit facilities shall be as per the credit policy and credit approval matrix of the Company. Credit approval authority can be delegated by the MD & CEO / Credit Committee to senior management / other company personnel, keeping in mind the scale of operations, product complexities, hierarchy in the respective functions and other aspects.

14.Grievances / Complaints:

Customers and third party service providers may approach the Grievance Redressal Officer appointed by the Company for registering their complaint / grievance. The complaint can also be lodged on customer care call center (18002099718). The telephone numbers, complete address and email address etc. will be prominently displayed on the EFL website for ease of contact by the customers of the Company.

15.Validity:

The Policy shall be valid till next review by Credit Committee and/or Board of Directors, as applicable.

16.Policy Review:

The Policy shall be reviewed annually for changes required by regulations, product changes, scale of business operations, etc. Any amendments to the Policy shall be approved by Board.

Annexure-1: Schedule of Charges / other levies:

Sr. no.	Nature of charge / levy	Quantum
1	Stamp Duty	As per Applicable State Law
2	Late Payment Interest Rate	36% pa
3	Bank Charges	As per actual
4	Cheque Bounce/ECS or ACH dishonor charges	Rs.1000/- (Including GST)
5	Cheque/ACH/ECS Collection Charges	Rs.300/-
6	Cheque Swap/ACH Swap / Replacement charges	Rs.750/-
7	Foreclosure Pre-Termination Charges	1-12 = 5% on future principle 13-24 = 4% on future principle 25 Above = 3% on future principle
8	Reimbursement of Collection/Traveling/Legal/Recovery//Re possession/Other Charge	As Per Actual expenditure
9	EMI Default Charges	Nil
10	Processing Fees	As per product / customer profile
11	Loan Re-schedulement Charge	As per circular
12	Legal & Valuation charges	As per case
13	CERSAI charges	Rs.300/-