

FEDEX FINANCE PRIVATE LIMITED

Credit Policy

Fedex Finance Private Limited

CIN: U65923MH1998PTC114960

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Credit Policy

Fedex Finance Private Limited, is a non-deposit taking non-systemically important Non-Banking Financial Company (NBFC) licensed by the Reserve Bank of India (RBI) bearing registration No. 13.00930.

Rationale

In accordance with the Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023, (the Master Directions) and the SBR Framework, the Board of Directors of the Company (the Board) has adopted the following Credit Risk Policy (the Policy) of the Company.

The Credit Policy is the principal document outlining 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 for the credit operations of Fedex Finance Pvt. Ltd., duly approved by the Board of Directors. This Credit Policy shall remain in force till the next revision is carried out and disseminated.

One of the objectives of the Company is to become a credible, relevant and leading financier / NBFC in its chosen business segment(s). Objective shall also be to provide transparency through better customer awareness and customer communication in all transactions. In pursuing its chosen business segment(s), the Company will operate according to the highest ethical and compliance standards and constantly seek to follow best practices in the industry. Under no circumstances will contravention of applicable laws and relevant regulations be tolerated.

Objective of the Policy

- To create standardized policies and procedures for the lending activity of Fedex Finance Private Limited.
- To institute due diligence to mitigate the level of credit risks and improve credit quality.
- To define the overall risk appetite.
- To establish an underwriting framework, including maximum credit limits, risk limits, etc.
- To ensure thorough credit appraisal and proper monitoring of all outstanding credits, including supervision and recovery.
- To provide an overall description of all stages of the lending process.
- To ensure that the financing portfolio of the Company remains of sound quality, the portfolio growth is supported and that the Company is in a position to manage its Credit Risk in a manner that minimizes creation of Non-Performing Assets (NPAs), and

- To fine-tune the credit risk management function with the objective to remain compliant with the extant regulations/laws of the land

Lending / Credit

- The Company will cater to both existing customers and open market customers, fulfilling their financial needs, including cash credits and other lending products.
- The Company is providing loans at pan-India level.

Loans / Credit provided by the company are segregated in segments like:

- Personal Loans
- Working Capital finance
- Top up/Additional loan provided to existing borrowers.

Segment-wise loan / credit should not exceed 50% of its Tier-1 capital or as may be decided by the Board from time to time.

The maximum loan amount sanctioned to a borrower should not exceed the maximum limit prescribed for the specific loan product as approved by the Board/Management from time to time.

Credits may be provided to:

- Salaried Employees of Public Sector Institutions/Companies/Undertakings & Private Sector Companies,
- Self-Employed Individuals, Small Business Owners, Firms, etc
- SMEs and Body Corporates

The borrower must be at least 18 years of age at the time of loan application.

The Company may extend credit to corporate entities for business needs within its risk appetite and regulatory framework.

The tenure of loans shall vary depending on the loan product and borrower profile.

The borrower's age at the time of loan maturity shall not exceed the limit prescribed by the Company, considering:

- Type of employment or income source,
- Loan tenure and repayment capacity

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 from time to time.

RBI stipulated prudential exposure norms on concentration of credit are as follows:-

Lend & Invest (loans/ investment together)	Single Borrower Limit	(25%) twenty-five percent of its Tier 1 capital to a single party
	Group Limit	(40%) forty percent of its Tier 1 capital to a single group of parties

Additional Exposure for Infra Loans	Single Borrower Limit	Exposure may exceed by additional (5%) five percentage points provided the additional credit exposure is on account of infrastructure projects.
	Group Limit	Exposure may exceed by additional (10%) ten percentage points provided the additional credit exposure is on account of infrastructure projects.
Norms for exceeding the above ceiling		The Company may exceed the above ceilings on credit concentration to a single party or a single group of parties by 50 per cent of its owned fund, or such other limit with the approval of its Board.

Additional Loan/ Top Up Loan

An existing borrower may be sanctioned more than one loan, subject to:

- Satisfactory repayment performance on existing loans
- Overall exposure limits defined by the Company

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.

Client Eligibility

The objective of the Company is to partner bona-fide businesses and provide financing solutions to the Borrowers. As such, client suitability and client check / due diligence shall be clearly established.

Credit risk controls will focus on identification, measuring, monitoring and managing the assumed risks. Client suitability check / due diligence has to be checked through multiple criteria – which may be evolved over a time but must cover issues of reputation and regulatory risk and any concerns over money-laundering activities.

No issues or findings of concern or a NIL findings comment shall be mandatorily part of the credit appraisal.

The credit decisions of the Company are based on prudent credit norms of the Company and may broadly include:

- Initial KYC Verification
- Credit Information Report (CIR)
- Profile, reputation, experience
- Existing relationship with the borrower, repayment track record of existing borrower, credit history as revealed from available sources
- Defaulter's list
- Registration/license verification
- Internal Scoring/ Credit Rating
- Nature of business/profession, income/earnings of the borrower

- Regulatory guidelines and exposure limits
- Such other factors that the Company may deem appropriate.

Know Your Client (KYC) and Anti-Money Laundering ('AML') Guidelines

The Company has formulated its KYC and AML policy. Such policy shall be followed while onboarding customers across various products/ segments. The Clients shall furnish all authenticated / certified documents necessary for completing the Know Your Client (KYC) process. Additionally, guidelines on anti-money laundering as mentioned in the policy shall be adhered to while sanctioning the loan.

Internal Scoring / Credit Rating

The Company follows an approach of assigning an internal score to the borrowers. The output comprises of credit score on a scale of 1 to 5 where 1 is low risk and 5 is high risk. Based on the aforesaid internal scoring, the Company arrives at the minimum interest rates at which the Company shall lend to the ultimate borrower.

The complete data set as obtained by the Company from the borrower and other sources is used for generating 'Credit Score'. Each application is categorized in different Risk Buckets (high, medium and low) which is based on PD (Probability of Default).

The Company reserves the right to approve, reject, or modify loan terms based on risk assessment. In case of rejection of application, the corresponding rejection reason is indicated.

Interest Rates, Charges and Rebates

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 15% p.a. for the entire tenure.

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 at its sole discretion can suitably introduce changes and/or modify in any or all of the charges 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 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.

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.

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.

Sanctioning Authority

The authority for approval of credit proposals is with the Board of Directors and may delegate power for case-by-case approval, covering aspects such as purpose, size, interest rates and repayment terms.

The Board may directly approve any credit or Policy feature.

Disbursal of Financing

Disbursal of the financing will be done by the Finance and Accounts Team of the Company, on the basis of a confirmation and when the documentation is complete and any Conditions Precedent have been completed.

Co-ordinate for Valuation of all types of Security, wherever applicable,

Monitor security creation, liaise with Legal team (wherever required) and ensure that security creation is in line with sanctioned terms and conditions,

Vetting of all Legal Documents and ensuring that the same are executed in order,

In making the disbursal, to ensure that disbursal of funds is made in the Bank Account of the Borrower. Any disbursal to a third party must be approved on the basis of a detailed rationale by the Board.

Manage MIS for all Loans at Company level

Overdue/days-past due and Margin short fall reporting to the relevant officials

Managing all Disbursements related to a sanctioned Loan/Limit

To ensure that limits are reviewed as per schedule specified

Ensure safe custody of all documents including all original documents, security etc. related to a loan disbursement.

Grievances / Complaints

Customers may approach the Grievance Redressal Officer appointed by the Company for registering their complaint / grievance. The telephone numbers, complete address and email address etc. will be prominently displayed on the website for ease of contact by the customers of the Company.

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.
