

M/s Finquest Financial Solutions Private Limited

Fair Practice Code

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Reserve Bank of India has drafted the guidelines on Fair Practices Code for Non-Banking Finance Companies which sets the fair practices standards when dealing with individual customers and to serve as a part of best corporate practice.

This code will be applicable to Finquest Financial Solutions Private Limited (“**FFSPL**”) as it is a Non-Banking Finance Company (the “**Company**” or “**NBFC**”) registered with Reserve Bank of India.

Fair Practice Code is a policy to regulate practices to be followed while lending and also the disclosures to be made to the borrowers.

1. Preamble

The Reserve Bank of India, with its powers under Section 45L of the Reserve Bank of India Act, 1934 (Act 2 of 1934) has prescribed broad guidelines on fair practices that are to be framed and approved by the Board of Directors of all NBFCs. FFSPL presently provides credit to medium and large corporate clients. These guidelines consolidate all the existing guidelines of fair practices code.

FFSPL commits itself to the highest standards of risk management, transparency, compliance and fair practices while meeting the business loan needs of the borrowers in a timely and effective manner. The FFSPL intends that its business be conducted in accordance with the prevailing statutory and regulatory requirements with due focus on efficiency, customer-orientation and corporate governance principles. It shall be ensured that the implementation of the Fair Practice Code is the responsibility of the entire organisation.

2. Key Commitments

The Company's key commitments to customers:

- a) Act fairly and reasonably in all dealings with customers by ensuring that:
 - i. The products and services the Company offers and the procedures and practices it follows, will meet the commitments and standards in this Code.
 - ii. The Company's products and services meet relevant laws and regulations, as applicable.
 - iii. The Company's dealings with customers will rest on ethical principles of integrity and transparency.

- b) Help customers understand how company's product work by:
 - i. Providing information about them in simple Hindi and/or English and/or local language
 - ii. Explaining their financial implications, and

- c) Deal quickly and sympathetically with any errors and omissions by:
 - i. Correcting mistakes quickly
 - ii. Handling customer's complaints quickly
 - iii. Telling customers' how to take their complaint forward if they are still not satisfied
 - iv. Reversal of any charges / interest levied erroneously or through oversight on a customer's account.

3. Application for loan and their processing

All communications to the borrower shall be in the vernacular language or a language as understood by the borrower.

Loan application forms of FFSPL shall include 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 informed decision can be taken by the borrower. The loan application form shall indicate the documents required to be submitted with the loan proposal.

FFSPL shall devise a system of giving acknowledgement for receipt of all loan applications. Preferably, the time frame within which loan applications will be disposed of shall also be indicated in the acknowledgement.

4. Loan appraisal and terms/conditions

The Company will convey in writing to the borrower in the vernacular language as understood by the borrower by means of sanction letter or otherwise, the amount of loan sanctioned along with the terms and conditions including annualised rate of interest and method of application thereof and keep the acceptance of these terms and conditions by the borrower on its record. The Company shall mention the penal interest charged for late repayment in bold in the loan agreement.

The Company will furnish a copy of the loan agreement along with a copy each of all enclosures quoted in the loan agreement to all the borrowers at the time of sanction / disbursement of loans and will have an acknowledgement from the borrowers confirming receipt of the same.

5. Disbursement of loan including changes in terms and conditions

- The Company will give sufficient notice to the borrower in the vernacular language or a language as understood by the borrower of any change in the terms and conditions including disbursement schedule, interest rates, service charges, prepayment charges etc. The changes in interest rates and charges will be effected only prospectively and a suitable condition in this regard would be incorporated in the loan agreement.
- Decision to recall /accelerate payment or performance under the agreement should be in consonance with the loan agreement.
- The Company would release all securities on repayment of all dues or on realisation of the outstanding amount of loan subject to any legitimate right or lien for any other claim the Company may have against 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.

6. Responsibility of Board of Directors

- a) The Board of Directors of the Company shall **lay down the appropriate grievance redressal mechanism** within the organisation comprising Business Heads, Heads of Risk and Collections and Heads of Operations to resolve disputes arising in this regard. This Forum will ensure that all the disputes arising out of the decisions the Company's functionaries are heard and disposed of at least at the next higher level.
- b) The Board of Directors shall also provide for **periodical review** of 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 will be submitted to the Board at regular intervals.

7. Grievance Redressal Officer

At the operational level, the company shall display the following information prominently, for the benefit of their customers, at all branches and places where business is transacted:

- a) The name and contact details (Telephone / Mobile nos. as also email address) of the Grievance Redressal Officer who can be approached for resolution of complaints against the Company.

- b) If the complaint / dispute is not redressed within a period of one month, the customer may appeal to the Officer-in-Charge of the Regional Office of Department of Non-Banking Supervision (DNBS) of RBI (complete contact details), under whose jurisdiction the registered office of the Company falls.

In short, the public notice should serve the purpose of highlighting to the customers, the grievance redressal mechanism followed by the Company, together with details of the Grievance Redressal Officer and of the Regional Office of the RBI.

8. Nodal Officer / Principal Nodal Officer

FFSPL is a NBFC covered under the Ombudsman Scheme for Non-Banking Financial Companies, 2018. The Company shall appoint Nodal Officer/ Principal Nodal Officer in accordance with directions as provided under the said scheme.

9. Language and mode of communicating Fair Practice Code

Fair Practices Code (which shall preferably be in the vernacular language or a language as understood by the borrower) based on the directions outlined herein above shall be put in place by the Company since they are having customer interface with the approval of their Boards.

The Company will have the freedom of drafting the Fair Practices Code, enhancing the scope of the directions but in no way sacrificing the spirit underlying the above directions. The same shall be put up on their web-site, if any, for the information of various stakeholders.

10. Regulation of excessive interest

- The Board of Directors shall adopt an interest rate model taking into account relevant factors such as, cost of funds, margin and risk premium, etc. for determining the rate of interest to be charged on loans and advances, processing and other charges
- 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 rates of interest and the approach for gradation of risks shall also be made available on the website of the company or published in the relevant newspapers. The information published in the website or otherwise published should be updated whenever there is a change in the rates of interest.
- The rate of interest should be annualised rates so that the borrower is aware of the exact rates that would be charged to the account.
- Though the interest rates are not regulated by the Reserve Bank of India, rates of interest beyond a certain level may be seen to be excessive and can neither be sustainable nor be conforming to normal financial practice. The Board of Directors of the Company shall lay out appropriate internal principles and procedures in determining interest rates and processing and other charges. In this regard, the directions indicated in the Fair Practices Code about transparency in respect of terms and conditions of the loans are to be kept in view.

11. Confidentiality

- Unless authorized by the customer we will treat all personal information as private and confidential
- Unless authorized by the customer, we will not reveal transaction details to any other entity including other than the following exceptional cases:
 - i. If we have to provide the information by statutory or regulatory laws
 - ii. If there is a duty to the public to reveal this information

- iii. If our interest requires us to provide this information (e.g. fraud prevention) to Banks / Financial Institutions / Our Group and Associate Companies.
- iv. We will not use this reason for giving information about customers to anyone else for marketing purposes.

12. General

- The Company will 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 come to the notice of the company).
- In case of receipt of request from the borrower for transfer of borrowal account, the consent or otherwise i.e. objection of by 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 law.
- In the matter of 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. To avoid rude behaviour from the staff of the Company with Customers, the Company shall ensure that the staffs are adequately trained to deal with the customers in an appropriate manner.
- As a measure of customer protection and also in order to bring in uniformity with regard to prepayment of various loans by borrowers of banks and NBFCs, the Company shall not charge foreclosure charges / pre-payment penalties on all floating rate term loans sanctioned to individual borrowers.

13. Feedback & suggestions

We request our customers to provide feedback on our service to help us to improve our services.

14. Appointment of Principal Officer

FFSPL shall designate a member of management, Mr. Akash Pandey as 'Principal Officer' (PO) who shall be located at the Head/Corporate office and shall be responsible to monitor compliance with the Fair Practice Code and report to management in case of any conflict.