

FINQUEST FINANCIAL SOLUTIONS PRIVATE LIMITED**FAIR PRACTICE CODE**

Finquest Financial Solutions Private Limited

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FAIR PRACTICE CODE

1. Preamble

The Fair Practices Code (“FPC”) has been formulated by Finquest Financial Solutions Private Limited (**‘the Company’** or **‘Finquest’**) in accordance with the Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 issued by the Reserve Bank of India (“RBI”) (“RBI Master Directions”), as amended from time to time.

In accordance with Chapter VII (Fair Practices Code) of the RBI Master Directions, Non-Banking Financial Companies (“NBFCs”) having customer interface are required to adopt the guidelines on Fair Practice Code (‘FPC’) prescribed in the RBI Master Directions. Finquest, being a NBFC having customer interface, has adopted this FPC for the lending business.

2. PURPOSE AND ITS APPLICABILITY:

Finquest has adopted the FPC for implementation with an endeavor to achieve fair and transparent practices while dealing with its customers/ borrowers. This FPC intends to promote good and fair practices by setting minimum standards to be followed while dealing with the customers. Further, the FPC also seeks to increase transparency so that the customers can have better understanding of the products/ services being offered by the Company.

This FPC shall apply across all aspects of the Company’s lending business operations including loan origination, processing, servicing, collection activities etc. Finquest’s commitment to the FPC would be demonstrated in terms of employee accountability, monitoring and auditing programs, training and technology.

The Company’s Board of Directors and the management are responsible for establishing practices designed to ensure that its operations reflect a strong commitment to the FPC and that all employees are aware of the FPC.

The Finquest will also communicate its FPC to its customers by making the FPC available to everybody on its website for the information of various stakeholders.

3. Definitions:

- a) **‘Authorised Representative’** means a person other than an Advocate duly appointed and authorised in writing to represent a complainant in the proceedings before the Ombudsman.
- b) **‘Board’** means Board of Directors of the Company.

- c) **'Complaint'** means any representation made in writing or through other modes alleging deficiency in service on the part of the Company, and/ or seeking relief under the Scheme;
- d) **'Company'** means Finquest Financial Solutions Private Limited.
- e) **'Director'** means individual Director or any of the Directors on the Board of the Company.
- f) **'FPC'** means Fair Practices Code.
- g) **'Ombudsman/ Deputy Ombudsman'** means any person appointed by the Reserve Bank as such under the Scheme.
- h) **'RBI'** means Reserve Bank of India.
- i) **'Scheme'** means the Reserve Bank- Integrated Ombudsman Scheme, 2021 issued by Reserve Bank of India dated November 12, 2021, as amended from time to time.

4. Norms Applicable to All Loan Facilities:

a. Applications for loans and their processing:

- a) All relevant information pertaining to the loan/loan facility, which may affect the interest of the borrower, will be made available in the relevant loan application form(s) or through other modes (term sheet, teasers, etc.). The loan application form will also indicate the documents required to be submitted together with the duly completed application form.
- b) The Customer will be provided with all the correspondences, loan documents, recall notices etc. relating to loan in vernacular language or a language understood by the Customer. For this purpose the Customer need to indicate his/her/its preference in the loan application form by selecting the appropriate option.
- c) Receipt of completed applications forms will be duly acknowledged. Applicants are required to insist for an acknowledgement in this regard.
- d) The acknowledgement would also indicate the approximate timeframe within which the applicant should contact the Company at its registered office to ascertain the status of the loan application.

b. Loan appraisal and terms/conditions:

- a) Finquest shall scrutinize the information submitted by the customer and, if any additional data is required, it shall seek the same promptly to facilitate expeditious disposal of the loan application.
- b) Loan Applications shall be assessed in accordance with the Company's credit appraisal process and policies. The Customer shall be advised in the language selected by him/her/it in the Loan Application of the outcome of the credit appraisal

(approval/rejection) within the period for appraising the Loan Application indicated in the acknowledgment to loan application.

- c) Finquest shall convey key terms and conditions of the proposed loan in writing (in English as it is understood by all customers of Finquest), by means of Sanction letter or Term sheet or any other form of written communication and the same shall include:
 - a. the amount of loan sanctioned along with the terms and conditions including annualized rate of interest;
 - b. details of the penal charges / Overdue charges (expressed in percentage per month/ annum as the case may be) and the charges payable by the customers in relation to their loan account and method of application thereof;
 - c. Overdue charges for late repayment of loan would be expressly mentioned in bold in the loan agreement);
 - d. There shall be no capitalisation of overdue charges charged by Finquest to the borrower i.e., no further interest will be computed on such overdue charges.
 - e. The customer shall be required to provide acceptance of terms and conditions of the sanction if he/ she intends to avail the loan.
- d) The quantum and reason for overdue charges shall be clearly disclosed by Finquest to the customers in the loan agreement and most important terms & conditions/Key Fact Statement (KFS) as, in addition to being displayed on websites of the Company under Interest rates and Service Charges.
- e) If Finquest cannot provide the loan to the applicant, it shall endeavour to convey the reason(s) for rejection.
- f) Finquest shall furnish a copy of the loan agreement in English as understood by the borrower along with copy of all relevant enclosures quoted in the loan agreement to all the borrowers at the time of sanction/disbursement of the loan and shall be duly approved by the customer and countersigned by the authorized officials of Finquest.

c. Disbursement of loans, including changes in terms and conditions:

- a) Any changes to the terms and conditions, including disbursement schedule, interest rates, service charges, prepayment charges, etc, shall be informed individually to the borrowers by giving notice to the borrower in vernacular language or a language understood by the borrower in case of account specific changes, and in case of others, the same shall be available at the registered office / corporate office of the Company or on website or be disseminated through print media if the Company so decide.

- b) Changes in the interest rates and charges shall be effected prospectively. A suitable condition to this effect will be inserted in the loan agreement.
- c) Decision to recall / accelerate payment or performance under the agreement shall be in consonance with the loan agreement. Before taking a decision to recall/ accelerate payment or performance under the agreement or seeking additional securities, Finquest shall give notice to customers in consonance with the loan agreement.
- d) All securities pertaining to the loan would be released on receipt of full and final payment of the loans, subject to any legitimate or contractual right or lien or right to set-off which the Company or any other person may have under the loan documents against the borrowers. If such right of set-off is to be exercised, the borrower shall be given prior 30 days notice about the same, with full particulars about the remaining claims and the conditions under which the right to retain or setoff the securities/sale proceeds from the securities or right to transfer the securities or sale proceeds is exercised by the Company. In the event of full and final payment of the loans along with other dues, if any, "No outstanding dues" certificate shall be issued by the Company within 1 month from the date of receipt of request from the borrower / customer.
- e) All notices, correspondence in respect of the loan will be made in the language opted by the Customer in the loan application form. All communication like acceptances (including for amendments or addendum) with the Customer in relation to the sanction / facilities / loan / mandate / proposals shall be in writing and preserved for a minimum period of ten years.

d. Applicant with Disability(ies):

Finquest 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. Further, the company shall ensure redressal of grievances of persons with disabilities under the existing Grievance Redressal Mechanism provided therein.

e. General provisions:

- a) In case of secured lending, Finquest shall release all the original movable / immovable property documents and remove charges registered with any registry within a period of 30 days after full repayment/settlement of the loan account.
- b) The borrower will be given the option of collecting the original movable/ immovable property documents either from the outlet/branch where the loan account was serviced or any other office of the Finquest where the documents are available, as per her/his preference.
- c) The timeline and place of return of original movable/immovable property documents shall be mentioned in the loan sanction letters issued on or after the effective date.
- d) Finquest shall refrain from interference in the affairs of the borrower, except for the purposes and as provided in the terms and conditions of the loan documents or unless new information, not earlier disclosed by the borrower, has come to the notice of the Company.
- e) In case of receipt of request from the borrower for transfer of borrowal 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 request. Such transfer shall be as per transparent contractual terms in consonance with law.
- f) In the matter of recovery of loans, the Company shall not resort to undue harassment viz persistently bothering the borrower at odd hours, use of muscle power for recovery of loans and would operate within the legal framework. The Company will ensure that all its employees are adequately trained to deal with the borrowers in an appropriate manner.
- g) If the customer does not adhere to repayment schedule, a defined process in accordance with the laws of the land will be followed for recovery of dues. The process will involve reminding the customer by sending the notice or by making personal visits and/ or repossession of security, if any. In case of default, Finquest may refer the case to the recovery agent and will inform the customer of the recovery proceedings being initiated. Finquest shall ensure that its process of recovery does not involve harassment to the customer. Appropriate instructions will be provided by Finquest to its staff for handling customer queries and grievances cordially.

- h) For retail financing products, the Company shall not charge foreclosure charges/ pre-payment penalties on all floating rate term loans sanctioned for purposes other than business to individual borrowers, with or without co-obligant(s).
- i) Finquest shall endeavour that post-disbursement supervision is constructive and the genuine difficulties which the customer may face are given appropriate consideration.
- j) Finquest will consider genuine cases of financial difficulty appropriately. The customer should identify any such problem and should let Finquest know as soon as possible.

f. **Interest Charges:**

- a) Pursuant to RBI Master Directions, the Board approved Interest Rate Policy of Finquest is already in place, mentioning internal principles and procedures in determining interest rates, processing charges and other charges. The Interest Rate Model adopted by the Company takes into account relevant factors such as cost of funds, margin and risk premium and determine the rate of interest to be charged for the loans and advances extended by it.
- b) Finquest, in the application form and the sanction letter, will disclose to its borrowers rate of interest, the approach for gradations of risk and rationale for charging different rate of interest to different categories of borrowers.
- c) The rates of interest and approach for gradation of risk shall also be made available on the website of Finquest.
- d) The rate of interest being charged by Finquest shall be annualized rate to make the customer aware of the exact rates that would be charged to the account.
- e) All the fees / charges / interest shall be charged as per the interest rate policy adopted by the Company and as per the terms & conditions applicable to the Loan.

g. **Penal Charges in Loan Accounts:**

- a) Penalty, if charged, 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 charges are not capitalized i.e., no further interest is computed on such charges. However, this will not affect the normal procedures for compounding of interest in the loan account.

- b) The Company shall not introduce any additional component to the rate of interest.
- c) The quantum of penal charges shall be reasonable and commensurate with the noncompliance of material terms and conditions of loan contract without being discriminatory within a particular loan/product category.
- d) The quantum and reason for penal charges shall be clearly disclosed in the loan agreement and most important terms & conditions/Key Fact Statement (KFS) as applicable in addition to the same being displayed on the website of the Company. The penalties charged for late repayment shall be clearly mentioned in bold in the loan agreement.
- e) Whenever reminders for non-compliance of material terms and conditions of loan are sent to borrowers, the applicable penal charges will also be communicated. Further, any instance of levy of penal charges and the reason therefor shall also be communicated.

(A separate policy viz. "Fair Lending Practice - Penal Charges in Loan accounts" duly approved by the Board of Directors has been put in place by the Company)

h. Grievance Redressal Mechanism:

The implementation of the Fair Practice Code shall be the responsibility of the Company. The Company shall make every effort to ensure that its dealing with borrowers / customers is smooth and hassle free. Any complaint brought to the notice of the Company by a borrower / customer will be handled expeditiously. All disputes / complaints arising out of the decisions of the Company's functionaries including issues relating to services provided by the outsourced agency would be heard and disposed of after it is brought to their notice. A consolidated report of periodical review with compliance with the Fair Practices Code and functioning of the grievances redressal mechanism at various levels of management would be submitted to the Board of Directors (or a committee thereof) at regular intervals.

The following information shall be displayed prominently at the Registered Office / Corporate Office or places where the business is transacted-

- a) The name and contact details (including email id and contact no.) of the Grievance Redressal Officer who can be approached by the public for resolution of complaints against the company.
- b) The details of the officer-in-charge of the Regional Office of Department of Supervision of the RBI to whom the customer may appeal if the complaint/dispute is not redressed within a period of one month.

Finquest being classified as a Base Layer NBFC (“NBFC-BL”) in accordance with the Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 issued by the Reserve Bank of India. As per the extant guidelines of the Reserve Bank of India (RBI), all NBFCs are required to ensure that a suitable mechanism exists for receiving and addressing complaints from its customers / constituents with specific emphasis on resolving such complaints fairly and expeditiously regardless of source of the complaints.

Accordingly for handling the Grievance of the borrowers of the Company the Fair Practice Code and the Grievance Redressal Policy of the Company of the Company shall be read in conjunction with each other and shall be supplement to each other.

i. Integrated Ombudsman Scheme

The Integrated Ombudsman Scheme, 2021, is applicable to the Company.

The Company shall appoint a Principal Nodal Officer at their head office who shall not be a rank less than a General Manager or an officer of equivalent rank and shall be responsible for representing the Company and furnishing information on behalf of the Company in respect of complaints filed against the Company.

The Company shall display prominently for the benefit of their customers at their registered office/places where the business is transacted, the name and contact details (Telephone/mobile number and E-mail ID) of the Principal Nodal Officer along with the details of the complaint lodging portal of the Ombudsman (<https://cms.rbi.org.in>)

The Company shall ensure that the salient features of the Scheme are displayed prominently in English, Hindi and the regional language in all its offices, branches and places where the business is transacted in such a manner that a person visiting the office has adequate information on the Scheme.

The Company shall ensure that a copy of the Scheme is available in at its registered office to be provided to the customer for reference upon request.

The salient features of the Scheme along with the copy of the Scheme and the contact details of the Principal Nodal Officer shall be displayed and updated on the website of the Company.

j. Confidentiality:

Unless authorized by the borrowers / customers, the Company shall treat all personal information as private and confidential and the Company shall not reveal transaction details to any other entity including other than the following exceptional cases:

- i. Providing the information by the statutory or regulatory authorities.
- ii. To comply with public duty to reveal the information.

iii. To protect the legitimate interest of the Company i.e. Providing the information to detect and prevent crime, fraud etc. to Group and Associate Companies, Banks / Financial Institutions. The Company will not use this reason for giving information about customers to any other person for marketing purposes and/or cross selling any products.

k. Language and Mode of Communicating the FPC:

Finquest, in accordance with the Guidelines on FPC and RBI Master Directions, shall put in place the FPC in English language. The Company shall also make the FPC available in regional/ vernacular languages for the customers who request for the FPC in vernacular language.

l. Policy Review:

The FPC shall be amended or modified with approval of the Board. The FPC shall be reviewed by the Board on an annual basis. Consequent upon any amendments in RBI Master Directions or any change in the position of the Company, necessary changes in this FPC shall be incorporated and approved by the Board.

Notwithstanding anything contained in this FPC, in case of any contradiction of the provision of this FPC with any existing legislations, rules, regulations, laws or modification thereof or enactment of a new applicable law, the provisions under such law, legislation, rules, regulation or enactment shall prevail over this FPC.