

# FAIR PRACTICE CODE FOR FINDOC FINVEST PRIVATE LIMITED

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**Website: [www.findocfinvest.com](http://www.findocfinvest.com)**

**Regd. Office:** SCO 210-11,, Sector No 34-A, Chandigarh-160022, **Corporate Office:**4th Floor, Kartar Bhawan, Near PAU Gate No 1, Ferozepur Road, Ludhiana- 140001, **Ph.:**0161-4155071; **Email:** nbfc@myfindoc.com.

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## 1. BACKGROUND

- Findoc Finvest Private Limited (hereafter referred to as 'Company') is a Private Limited Company incorporated under the provisions of the Companies Act, 1956 and is a Reserve Bank of India ("RBI") registered Non-Deposit Accepting Non- Banking Financial Company, and it is primarily in the business of lending.
- The Company have framed and adopted this Fair Practice Code ("FPC" or "Code") for the Company's lending activities applicable for all lending products and it sets the principles for fair practice standards when dealing with customers. This Code has been prepared based on the Guidelines on Fair Practice Code issued by the RBI (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 ("RBI SBR Directions").

## 2. OBJECTIVE OF THE CODE

- The Code has been adopted to:
  - a) To ensure Fair Practices while dealing with the customers and promote good, fair and trustworthy practices by setting up minimum standards;
  - b) To ensure greater transparency enabling customers to have a better understanding of the product and taking informed decisions;
  - c) To ensure that clients are advised of the terms and conditions of products/ services provided in a comprehensive manner for their consideration prior to commitment of a transactions;
  - d) To monitor and administer client accounts in a fair and transparent manner consistent with the terms and conditions of the facility provided;
  - e) Recovery and enforcement, where necessary, is conducted following due process of law.
  - f) To ensure compliance of applicable regulations prescribed by RBI relating to fair practices.

## 3. APPLICABILITY OF THE FAIR PRACTICE CODE

- This Code applies to all the products and services offered by the Company, its subsidiaries or Digital Lending Platforms (self-owned and/or under an outsourcing arrangement) over the phone, across the counter, by post, through interactive electronic devices, on the internet or by any other means.

## 4. PROCESSING, SANCTION, DISBURSEMENT AND CLOSURE OF LOANS

- Applications for loans and their processing:

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- a) The Company shall have a standard form of loan agreement in English or in vernacular language/language as understood by the borrower.
- b) The borrower shall be provided with the loan application form, inter alia, including broad features, terms and conditions governing the loan, indicating the primary list of documents including KYC documents required to be submitted with the application form. Any other documents, if required, to be submitted with the loan application shall be informed to the borrower separately.
- c) Loan application of the Company shall also provide for 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.
- d) The designated staff of the Company shall verify & cross check the loan application along with the supporting documents. The staff should also make sure that all the mandatory details are being duly filled in the loan application.
- e) The Company shall provide an acknowledgement for all loan applications to the prospective borrower. The time frame, within which loan applications will be disposed of, will be indicated in the acknowledgement.
- f) All communications to the borrower shall be in English or in vernacular language / the language as understood and confirmed by the borrower.

## II. Loan appraisal and terms/conditions

- a) The Company shall appraise loan applications considering the risk-based approach and credit policy/ies of the Company.
- b) The Company shall conduct a due diligence to assess the need and repayment capacity of client before providing loans, which will be an important parameter for taking decisions on processing of the application to avoid over-indebtedness of the client. The Company shall make loans commensurate with the client's ability to repay. The assessment would be in line with the company's credit policies, norms and procedures in respect thereof.
- c) The Company shall convey in writing to the borrower in English or in vernacular language / the language as understood by the borrower by means of sanction/ welcome letter or otherwise, the amount of loan sanctioned along with the terms and conditions including annualized rate of interest and method of application thereof.
- d) The acceptance of the terms and conditions communicated by the borrower shall be preserved by the Company on its record.
- e) The Company shall mention the penal interest charged for late repayment in bold in the sanction/ welcome letter or otherwise and loan agreement.
- f) The Company shall furnish a copy of loan agreement along with a copy of each enclosure quoted in the loan agreement to all clients at the time of sanction/disbursement of loan.

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- g) The Company shall comply with the instructions contained in the circular on 'Key Facts Statement (KFS) for Loans & Advances, as amended from time to time.

**III. Disbursement of loans, including changes in terms and conditions-**

- a) The Company shall disburse the loan in accordance with the disbursement request made by the customer or the disbursement schedule given in the Loan Agreement/ Sanction Letter;
- b) The Company shall give notice to the borrower of any change in the terms and conditions including changes in terms & conditions relating to disbursement schedule, interest rates, service charges, prepayment charges, other applicable fees/ charges etc. The Company shall also ensure that changes in interest rates and charges are affected prospectively after notification to the customer. A suitable condition in this regard shall be incorporated in the loan agreement.
- c) Decision to recall/accelerate payment or performance under the agreement will be in consonance with the loan agreement.

**IV. Release of all Movable/ Immovable Property/ Security Documents**

- A. The Company shall release all securities/ movable/ immovable property documents upon receiving full repayment and closure of loan account 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.

- B. In this regard, the Company shall adhere with the following:

- a) The Company shall release all the original movable/ immovable property documents and remove charges registered with any registry, wherever applicable, within a period of 30 days after full repayment/ settlement of the loan account.
- b) The borrower shall have the option of collecting the original movable/ immovable property documents either from the branch where the loan account was serviced or any other office of the Company 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 respective loan sanction letters.
- d) In order to address the contingent event of demise of the sole borrower or joint borrowers, the Company has adopted a well laid-out procedure for return of original movable/ immovable property documents to the legal heirs. The same has been displayed on the website of the Company for customer information.

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**C. Compensation for Delay in Release of Movable/ Immovable Property Documents**

- a) In case of delay in releasing of original movable/ immovable property documents or failing to file charge satisfaction form with relevant registry beyond 30 days after full repayment/ settlement of loan, the Company shall communicate to the borrower reasons for such delay. In case where the delay is attributable to the Company, it shall compensate the borrower at the rate of ₹5,000/- for each day of delay.
- b) In case of loss/ damage to original movable/ immovable property documents, either in part or in full, the Company shall assist the borrower in obtaining duplicate/ certified copies of the movable/ immovable property documents and shall bear the associated costs, in addition to paying compensation as indicated at sub-paragraph (i) above. However, in such cases, an additional time of 30 days will be available to the Company to complete this procedure, and the delayed period penalty will be calculated thereafter (i.e., after a total period of 60 days).
- c) The compensation provided shall be without prejudice to the rights of a borrower to get any other compensation as per any applicable law.

**V. Loans Sourced Over Digital Lending Platforms**

- If the Company engages digital lending platforms as its agents to source borrowers and/ or to recover dues, the Company shall adhere with the following:
  - a) Names of digital lending platforms engaged as agents shall be disclosed on the website of Company.
  - b) Digital lending platforms engaged as agents shall be directed to disclose upfront to the customer, the name of the Company on whose behalf they are interacting with him.
  - c) Immediately after sanction but before execution of the loan agreement, the sanction letter shall be issued to the borrower on the letter head of the Company if such loan is sanctioned.
  - d) A copy of the loan agreement along with a copy each of all enclosures quoted in the loan agreement shall be furnished to all borrowers at the time of sanction/ disbursement of a loan.
  - e) Effective oversight and monitoring shall be ensured by the Company over the digital lending platforms engaged by it.
  - f) Adequate efforts shall be made towards creation of awareness about the grievance redressal mechanism.

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## VI. Guidelines on Digital Lending

- If the Company engages into Digital Lending, the Company shall also comply with the 'Guidelines on Digital Lending' prescribed by the RBI vide circular dated September 02, 2022, as amended from time to time. Further, if engaged in Digital Lending, the Company shall also comply with the 'Guidelines on Default Loss Guarantee in Digital Lending' prescribed by the RBI vide circular dated June 08, 2023, as amended from time to time.

## 5. INTEREST RATES, FEE AND CHARGES

### A. Interest Rates

- a) The Company shall have separate Interest rate Policy but, in any case, shall ensure that it will not charge excessive interest rates to its borrowers.
- b) The Company would arrive at the interest rate for its clients taking into account the broad parameters such as risk profile of the client, cost of funds and margin.
- c) The rate of interest and the approach for gradation of risk and rationale for charging different rate of interest to different categories of borrowers shall be disclosed to the borrower/customer in the application form and communicated in the sanction letter.
- d) Interest rates shall be annualized rate and shall be communicated explicitly in the sanction / welcome letter or otherwise letter.
- e) Instalments collected from borrowers shall indicate the bifurcation between interest and principal.
- f) The Company shall ensure adequate transparency in communications with the borrowers by appropriate disclosures relating to interest rates on its website, loan application, sanction letter and loan agreement.

### B. Fees and Charges

- a) The Company, along with an interest rate policy, shall also have a Board approved policy for various fees and charges including Penal charge.
- b) The Company shall transparently disclose to the borrower all information about fees/ charges payable for processing the loan application, the amount of fees refundable if loan amount is not sanctioned/ disbursed, pre-payment charges, if any, penalty for delayed repayment if any, any other matter which affects the interest of the borrower. In other words, the Company shall disclose 'all in cost' inclusive of all charges involved in processing/ sanction of loan application in a transparent manner. The Company ensure that charges/ fees are non-discriminatory.

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- c) With respect to levy of penal charges/ interest, in accordance with the RBI Circular dated December 29, 2023, the Company shall implement the following guidelines with respect to all new loans sanctioned/ disbursed with effect from April 1, 2024:
- (i) The penalty charged by the Company, for non-compliance of material terms and conditions of loan contract by the borrower shall be treated as 'penal charges' and it shall not be added to the rate of interest charged on the advances. There shall be no capitalisation of penal charges i.e., no further interest computed on such charges. However, this will not affect the normal procedures for compounding of interest in the loan account, if any.
  - (ii) The Company shall not introduce any additional component to the rate of interest and ensure compliance in both letter and spirit.
  - (iii) 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.
  - (iv) The penal charges in the case of loans sanctioned to 'individual borrowers, for purposes other than business', shall not be higher than the penal charges applicable to non-individual borrowers for similar non-compliance of material terms and conditions.
  - (v) The quantum and reason for penal charges shall be disclosed by the Company to the customers in the loan agreement, in addition to being displayed on the Company website under Interest rates and Service Charges.
  - (vi) Whenever reminders for non-compliance of material terms and conditions of loan are sent to borrowers, the applicable penal charges shall be communicated. Further, any instance of levy of penal charges and the reason therefor shall also be communicated.

In case of existing loans, the switchover to new penal charges, as mentioned above, regime shall be implemented on or before June 30, 2024.

## 6. ADVERTISING, MARKETING AND SALES

- The Company shall:
  - a) Ensure that all advertising and promotional material is clear, and factual.
  - b) Provide information on interest rates, common fees and charges through putting up notice(s) at its branches/offices; through telephone or helplines; on the Company's website; through designated staff / help desk; or by providing service guide / tariff schedule.
  - c) In case of availing third party services for providing support services, the Company shall ensure that such third parties handle customer's personal information (if any available to such third parties) with the same degree of confidentiality and security as the Company would.

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- d) Communicate to the customers, from time to time, on various features of the products availed by them. Information about the other products/services may be conveyed to customers only if he / she has given his / her consent to receive such information / service, including, by way of an email or by registering for the same on the Company's website or on customer service number of the Company.
- e) Adopt the Model Code of Conducts for Direct Selling Agents (DSAs)/ Direct Marketing Agents (DMAs) as prescribed by the RBI with the approval of the Board.
- f) Ensure that in the event of receipt of any complaint from the customer that the Company's representative / courier or DSA has engaged in any improper conduct or acted in violation of this Code, appropriate steps shall be initiated to investigate and to handle the complaint and to make good the loss caused, if any.

## **7. CREDIT REFERENCE AGENCIES/ CREDIT INFORMATION COMPANIES (CICs)**

- a) The Company shall submit the data/ information pertaining to the borrower, his/ loan and repayment records etc. with CICs as may be required from time to time.
- b) The Company shall provide relevant information given to CICs if demanded by the customer.

## **8. COLLECTION OF DUES**

- Whenever a loan is given, the Company shall clearly explain the repayment process to the customer through proper documents, mentioning the amount, tenure, and repayment frequency. If the customer fails to follow the repayment schedule, a defined recovery process will be followed as per the laws of the land. This may involve sending reminders through various communication channels or making personal visits if needed.
- The Company's Collection Policy is based on respect, fairness, and persuasion. Company staff or any authorized representative involved in collections must identify themselves, show an ID card issued by the Company, or provide proof of their authorization.
- For tele-collections, the caller must disclose their identity, the Company's name, and inform the customer that the call is being recorded before starting the discussion. Calls should be made within reasonable hours as per RBI guidelines, considering the nature of the debt and the customer's availability. Agents must confirm the customer's convenience at the start of each call, and all interactions should be properly logged in the system.
- All staff members and authorized representatives involved in collections must strictly follow the guidelines outlined in the Collection Policy approved by the Board.

## **9. COMPLAINTS AND GRIEVANCES**

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- The Company shall inform the customer about the procedure followed for handling complaints fairly and quickly on our website, as and when launched.
- Upon receiving a complaint through any channel, the Company shall issue a unique complaint reference number to the customer. The matter will be thoroughly assessed and addressed in line with the established Complaint Resolution Mechanism, as outlined in the Customer Service Policy/Grievance Redressal Mechanism. The Company shall endeavour to provide a resolution within the stipulated TAT, handling each case with utmost urgency.
- The Company shall publish the Grievance Redressal Mechanism on its website and also in its branches.

## **10. PRIVACY AND CONFIDENTIALITY**

- a) Unless authorized by the customer, the Company shall treat all the personal information of its customers as private and confidential.
- b) The Company shall not reveal transaction details of the borrowers to any other entity including within the group except under the following exceptional circumstances:
  - (i) If the information is to be given by law;
  - (ii) If there is a duty towards the public to reveal the information.
  - (iii) If the Company's interest requires it to give the information (for example, to prevent fraud) but the same will not be used by the Company as a reason for giving the information about the customer or customer's accounts to anyone else, including other companies in the group, for marketing purposes.
  - (iv) If the customer asks the Company to reveal the information, or with his / her permission by way of acceptance to the terms and conditions of the loan agreement or otherwise, to provide such information to the group companies or other entities with whom the Company may have tie-up/ arrangement for providing other financial service products.
  - (v) If any Court / regulatory/enforcement authorities so direct or require under any law/act.
  - (vi) The Company shall not give a reference about customers, unless the Company has obtained the customer's written permission before giving it.

## **11. RESPONSIBILITY OF BOARD OF DIRECTORS**

- The Board of Directors of the Company has adopted the appropriate grievance redressal mechanism through a distinct Grievance Redressal Policy within the organization. Such a mechanism shall ensure that all disputes arising out of the decisions of lending institutions' functionaries, complaints relating to updating/alteration of credit information and complaints pertaining to outsource

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services are heard and disposed of at least at the next higher level. There shall be periodical review of the compliance of the Fair Practices Code and the functioning of the grievance redressal mechanism at various levels of management.

## **12. GENERAL PROVISIONS**

- a) The Company shall refrain from interference in the affairs of its borrowers except for the purposes provided in the terms and conditions of the loan agreement.
- b) In case of receipt of request from the borrower for transfer of borrower's account, the consent or otherwise (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 entered into with the borrower and in consonance with statutes, rules, regulations and guidelines as may be applicable from time to time.
- c) In the matter of recovery of loans, the Company shall resort only to those remedies which are legally valid and will not resort to undue harassment viz. persistently bothering the borrowers at odd hours, use of muscle power for recovery of loans, etc.
- d) In case it engages recovery agents, the Company shall adopt guidelines for engaging recovery agents as prescribed by the RBI.
- e) The Company shall not discriminate on the grounds of gender, caste, or religion, visually impaired or physically challenged applicants on the ground of disability in extending products, services, facilities, etc. except as permitted under law like participating in schemes framed for different sections of the society.
- f) The Company shall inform the customer to cooperate if it needs to investigate a transaction on the customer's account and if it needs to involve them in case of investigation by the police/other investigative agency or any statutory/ regulatory authority.
- g) The customer/ borrower shall be responsible for all losses if he acts fraudulently or without reasonable care.
- h) The Company shall ensure that its staff is adequately trained to deal with the customers in an appropriate manner.
- i) The Company shall, on a yearly basis, update to the Board on status of compliance with the Fair Practice Code.

## **13. DISCLOSURES:**

- a) The Company shall display/ disclose information relating to its products, services, rate of interest, fee & charges, customer grievance redressal mechanism etc. on its website and in its branches as mandated by the RBI.

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- b) The Company will publicize this Code by putting it on its website, by making the Code available at branches and, also, by providing existing and new customers with a copy of the Code to its customers on request. The Company will also ensure that its staff is adequately trained to provide information about the code.
- c) The rates of interest and the approach for gradation of risks, and penal charges/ penal interest (as may be applicable) shall also be made available on its website. The information published on the website shall be updated whenever there is a change in the rates of interest.

#### **14. REVIEW & AMENDMENTS:**

- This Code shall be reviewed and updated periodically for any changes.

"In case any amendments issued by Reserve Bank of India in form of clarifications, circulars or guidelines or by any other name, which may not be consistent with the current provisions laid down under this Code, then the provisions of such amendments / clarifications, shall prevail upon the provisions contained in the RBI communication and the same shall stand amended accordingly effective from the date as laid down under such RBI communique."

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