

**FAIR PRACTICE CODE  
FOR  
FINDOC FINVEST PRIVATE LIMITED**

## **1. BACKGROUND:**

The Reserve Bank of India (RBI) has issued circular no. **RBI/2015-16//16 DNBS (PD) CC No. 054 / 03.10.119/ 2015-16 dated July 01, 2015 and RBI/DNBR/2016-17/45 Master Direction DNBR. PD. 008/03.10.119/2016-17 September 01, 2016 (Updated as on February 17, 2020)** on Guidelines on Fair Practice Code for Non Banking Financial Companies (NBFC)s thereby setting standards for fair business and corporate practices while dealing with their customers.

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 Systemically Important Non-Deposit Accepting or Holding Non- Banking Financial Company ("NBFC-NDSI").

In terms of the RBI Directions and considering the nature of the business, it is proposed to adopt the following Fair Practice Code (Code) for the Company's lending activities applicable for all lending products.

## **2. OBJECTIVE OF THE CODE:**

- 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 transaction;
- 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:**

### **I. Applications for loans and their processing:**

- a. The Company will have a Board approved, standard form of loan agreement in vernacular language or a 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 will 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 will 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 MITC (Most Important Terms and Conditions) 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 will furnish a copy of loan agreement along with a copy of each enclosures quoted in the loan agreement to all clients at the time of sanction/disbursement of loan.

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

- Loans will be disbursed in the Company's branch premises only.
- Loan card/passbook will be given to every borrower for each loan. The loan card/passbook would contain the repayment schedule, effective rate of interest, processing fees and insurance premium and claim procedure details, etc. In addition to this, the loan card shall also reflect the following

details as specified in the NBFC-MFI (Reserve Bank) Master Directions as updated regularly ,

- ✓ All other terms and conditions attached to the loan information which adequately identifies the borrower and acknowledgment by the Company of all repayments including instalments received and the final discharge;
  - ✓ The loan card shall mention the grievance redressal system and also the name of the nodal officer/compliance officer;
  - ✓ Non-credit products issued shall be with full consent of the borrowers and fee structure shall be communicated in the loan card itself;
  - ✓ All entries in the loan card are in the vernacular language.
- The Company will not charge any penalty on delayed payments and the same has been mentioned in the Loan Agreement in Bold and vernacular language as understood by the borrower.
  - The Company will give notice to the borrower in the vernacular language as understood by the borrower of any change in terms and conditions including disbursement schedule, interest rates, service charges, prepayment charges, etc. The Company will change interest rates and charges are only prospectively. The loan agreement will cover this through suitable disclosure.
  - Decision to recall/accelerate payment or performance under the agreement will be in consonance with the loan agreement.

#### **IV. Interest Rate-**

- 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, interest rate trends prevailing in the money market, cost of funds, collateral security offered by client/ structure of the deal and Interest rate charged by competitors.
- c) Interest rates would be on an annualized basis and would be communicated explicitly in the sanction / welcome letter or MITC or otherwise letter.
- d) Pursuant to notification no. DNBS.204/CGM (ASR)-2009 dated 2 January 2009 in respect to regulation of excessive interest charged by NBFCs, the Company has adopted an Interest Rate Policy taking into account relevant factors such as cost of funds, margin and risk premium, etc. to determine the rate of interest to be charged for loans and advances. The Interest Rate Policy also covers the rate of interest and the approach for gradation of risk and rationale for charging different rate of interest to different categories of borrowers and same is published and disseminated on the web-site of the Company. The information published in the website or otherwise published shall be updated whenever there is a change in the rates of interest.

#### **V. Post Disbursement Supervision-**

- e) The decision, if any, of the Company to recall/accelerate payment or performance of loan

shall be in accordance with the terms and conditions of the loan agreement.

- f) The Company shall give reasonable time to the borrowers before recall of the loan or asking for accelerating the payment or performance subject to the terms and conditions contained in the loan agreement and/or other related documents.
- g) The collaterals lying with the Company may be released within reasonable time on receipt of full and final repayment of loans subject to any legitimate right or lien and set off for any other claim that the Company may have against the borrowers. 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 collaterals till the relevant claim is settled / paid.
- h) In case where the borrower has availed facility allowing the borrower to borrow/draw monies within the overall amount sanctioned as and when needed by the borrower, the collateral may be retained by the Company for operational convenience and also to protect interest from potential defaults by the borrower and to protect the interest of the associate / group company/ies of the Company.

#### **VI. General provisions-**

- a. The Company will 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. 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.
- e. The Company shall ensure that its staff is adequately trained to deal with the customers in an appropriate manner.
- f. The Company shall not charge foreclosure charges/ pre-payment penalties on floating rate term loans sanctioned for purpose other than business to individual borrowers with or without co-obligant(s).

#### **VII. 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 may not reveal transaction details of the borrowers to any other entity including within the group except under the following exceptional circumstances:

- i. The Company has its duty to provide the information by statutory or regulatory laws including information to statutory bodies, law enforcement agencies, Credit Information Companies like CIBIL etc, RBI and or other banks/financial institutions, any other state, central or any other regulatory body, including courts and tribunals having jurisdiction.
- ii. Customer has authorized the Company in writing, to provide such information.
- iii. If it is in the public interest to disclose such customer information.
- iv. If its interest requires us to provide this information (eg. Fraud prevention).
- v. If the borrower defaults to meets its obligation towards the Company.

#### **VIII. 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 services are heard and disposed of at least at the next higher level. The Board of Directors shall be provided with consolidated periodical review of the compliance of the Fair Practices Code and the functioning of the grievances redressal mechanism at various levels of management.

#### **4. DISCLOSURES:**

In compliance with the guidelines on '**Fair Practices Code**', the Company shall publish and disseminate the Fair Practices Code in English on the web-site of the Company and in English, Hindi and vernacular language at all the branches of the Company, and any borrower or client who wishes to obtain the same may request the Company to provide thereof.

#### **5. REVIEW & AMENDMENTS:**

This policy 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."