



FINCFRIENDS PRIVATE LIMITED

Fair Practices Code

Revision History of Policy

Owner of the Policy	Version Number	Creation/ Modification Date	Approving Authority
Legal & Compliance Department	1	Created on 17 August 2017	Board of Directors
Legal & Compliance Department	2	Modified on 27 August 2020	Managing Director
Legal & Compliance Department	3	Modified on 29 June 2022	Board of Directors
Legal & Compliance Department	4	Modified on 17 November 2022	Board of Directors

INDEX

S.No.	Particulars	Page No.
1	Preamble	4
2	Scope	
2.1	Applicability	4
3	Objectives	4
4	Fair Practices Code Guidelines applicable on the Company	
4.1	Applications for loans and their processing	4-5
4.2	Loan Appraisal and Terms & Conditions	5
4.3	Disbursal of loans including change in Terms & Conditions	5
4.4	Privacy and Confidentiality	5
4.5	Collection of Dues	5-6
4.6	General	6-7
4.7	Responsibility of Board of Directors	7
4.8	Grievance Redressal Officer	7
4.9	Language and Mode of communicating FPC	7
4.10	Regulation of excessive interest rates charged	8
4.11	Complaints about excessive interest rates charged	8
5	Review	8

1. Preamble

The Fair Practices Code (“**FPC**”) has been devised and adopted by FincFriends Private Limited (“**Company**”) in accordance with guidelines issued by The Reserve Bank of India (RBI) vide its circular dated September 28, 2006 and subsequent amendments, on FPC for all NBFCs to be adopted by them while doing lending business.

2. Scope

2.1 Applicability

The FPC applies to the Company and to all the products and services offered by the Company, whether over the phone, on the internet through company’s website or by any other means. It shall also apply to all the employees/ Directors of the Company. The Company’s Fair lending practices shall apply across all aspects of its operations including marketing, loan origination, processing, and servicing and collection activities.

3. Objectives

The Company has put in place the FPC with an endeavour to achieve synchronization of best practices when the Company is dealing with its stakeholders.

The primary objectives for adopting the FPC is as mentioned below:

- a. To promote good and fair practices by setting minimum standards in dealing with customers;
- b. To increase transparency so that the customer can have a better understanding of what they can reasonably expect of the services;
- c. To promote a fair and cordial relationship between customer and the Company;
- d. To ensure that the products and services meet relevant laws and regulations in force in India;
- e. To foster confidence in financial services system.

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 fair lending and that all employees are aware of that commitment.

4. Fair Practices Code Guidelines applicable on the Company

4.1 Applications for loans and their processing

- a) The Company is in the business of lending and offers unsecured loan to its customers digitally.
- b) The loan application platform indicates details that may affect the interests of the borrower, so that a meaningful comparison with the terms and conditions offered by other NBFCs/Financial Institutions can be made and informed decisions can be taken by the borrowers.
- c) The loan application platform indicates list of documents that are required to be submitted by the borrower along with the loan application.
- d) The Company shall provide an acknowledgement for receipt of all successful loan applications indicating the time frame within which the loan application will be disposed of.

- e) The Company shall verify the loan applications within a reasonable period of time and if additional details / documents are required, it would intimate the borrowers immediately. In case the loan application is not approved by the Company, the borrower would be intimated about the reason/s for such rejection on the digital platform.

4.2 Loan Appraisal and Terms & Conditions

- a) The Company shall convey in writing to the borrower the amount of loan being sanctioned/ disbursed along with the terms and conditions, including annualised rate of interest and retain the acceptance of these terms and conditions by the borrower on its record.
- b) The Company has mentioned the penal interest charged for late repayment in bold in the loan agreement. The Company shall furnish a copy of the loan agreement as understood by the borrower 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.

4.3 Disbursal of loans including change in Terms & Conditions

- a) The Company shall give notice to the borrower of any change in the terms and conditions including interest rates, service charges, fees etc. Changes in Interest rates and charges shall be effected only prospectively and a suitable condition in this regard shall be incorporated in the loan agreement.
- b) Decision to recall/ accelerate payment or performance under the agreement shall be in consonance with the loan agreement.

4.4 Privacy and Confidentiality

- a) The Company shall treat the personal information of borrowers as private and confidential, even when the customer is no longer a borrower. The Company shall not divulge any information relating to a customer to any third party unless required by any law, Government authorities including Regulators or Credit agency without his written consent.
- b) The Company shall not use borrower's personal information for marketing purposes unless the borrower specifically authorizes the Company to do so.

4.5 Collection of Dues

- a) The staff of the Company/outsourced agency connected with collection of loans shall be properly trained to handle their responsibilities with care and sensitivity, considering aspects such as soliciting customers, hours of calling, privacy of customer information and conveying the correct terms and conditions of the products etc.
- b) The Company's collection policy/ process shall be built on courtesy, fair treatment and persuasion. The Company believes in fostering customer confidence and long-term relationship.
- c) All the staff members of the Company or third-party recovery agents shall follow the guidelines set out below in collection of dues:

- i. Customer would be contacted ordinarily on his registered mobile number; or at the place of his/her choice and in the absence of any specified place, at the place of his/ her residence.
 - ii. Identity and authority to represent the Company shall be made known to the customer at the first instance.
 - iii. Customer's privacy shall be respected.
 - iv. Interaction with the customer shall be in a civil manner and the customer should not be called at odd hours.
 - v. Customer's request to avoid calls at a particular time or at a particular place shall be honoured, as far as possible.
 - vi. Time and number of calls and contents of conversation shall be recorded.
 - vii. All assistance should be given to resolve disputes or differences regarding dues in a mutually acceptable and in an orderly manner.
 - viii. During visits to customer's place for dues collection, decency and decorum shall be maintained.
- d) The Company and their agents shall not resort to intimidation or harassment of any kind, either verbal or physical, against any person in their debt collection efforts, including acts intended to humiliate publicly or intrude the privacy of the customers' family members, referees and friends, making threatening and anonymous calls or making false and misleading representations.

4.6 General

- a) The Company would not cause interference in the day-to-day affairs of the borrowers except for what is provided in the terms and conditions of the loan agreement (unless new information, not earlier disclosed by the borrower, has come to the notice of the Company).
- b) The Company would not discriminate on grounds of sex, caste and religion in the matter of lending. However, this does not preclude the Company from participating in credit-linked schemes framed for weaker sections of the society.
- c) In case of receipt of request for transfer of borrowal account, (either from the borrower or from a bank/financial institution) which proposes to take-over the account, the consent or otherwise i.e., objection of the Company, if any, would be conveyed within 21 days from the date of receipt of request.
- d) In the matter of recovery of loans, the Company would adopt legally valid processes and not resort to undue harassment viz. persistently bothering the borrowers at odd hours, use of muscle power for recovery of loans, etc.
- e) The Company would ensure that the staffs are adequately trained to deal with the customers in an appropriate manner.
- f) The Company will not grant nor propose to grant any amount/loan on floating rate, however, the Company lends at a flat rate of interest and thus, imposes the necessary foreclosure charges/pre-payment penalties and the same is not contradictory or against the RBI Fair Practice Code dated July 01, 2015. Also, the Company undertakes that in case the Company advances any floating rate term loan in future it will not charge any foreclosure charges/pre-payment penalties on the same.

4.7 Responsibility of Board of Directors

- a) A review of compliance of the Fair Practices Code and the functioning of the grievance redressal mechanism would be done by the Board of Directors on a half yearly basis.
- b) The Board of the Company has laid down the appropriate grievance Redressal mechanism within the organization to resolve disputes arising in this regard. Different escalation levels have been put in place to ensure a robust complaint handling process such that the complaints are disposed of at least at the next higher level in case the borrower is dissatisfied with the resolution provided.
- c) The Board of Directors should also provide for periodical review of the compliance of the Fair Practices Code and the functioning of the Grievances Redressal Mechanism at various levels of management. A consolidated report of such reviews may be submitted to the Board at regular intervals, as may be prescribed by it.

4.8 Grievance Redressal Officer

The Company shall always display the following details at its branches/ places where business is transacted, who can be approached by the public for resolution of complaints against the Company:

1. Grievance Redressal Officer

Name of Grievance Redressal Officer	Mr. Ram Prasad Aryal
Email Id	grievance@fincfriends.in

2. If the complaint/ dispute is not redressed within a period of one month, the customer may further escalate to the Officer-in-Charge of the Regional Office of Department of Supervision of Reserve Bank of India:

General Manager
Department of Supervision
Reserve Bank of India,
10/3/8, Nrupathunga Road, Bengaluru-560001
Karnataka, India

4.9 Language and Mode of communicating FPC

- a) FPC as established by the Company has been documented in English language and is based on the guidelines as outlined by the RBI.
- b) The Company shall also have its FPC in regional/vernacular languages for customers who are unable to read the same in English.

4.10 Regulation of excessive interest rates charged

- a) The Company has adopted an interest rate model taking into account relevant factors such as cost of funds, margin and risk premium and has determined the rate of interest to be charged for loans and advances. 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.
- b) The rates of interest and the approach for gradation of risks shall also be made available on the website of the Company. The information published on the website shall be updated by the Company whenever there is a change in the rates of interest.
- c) The rate of interest shall be annualised rate so that the borrower is aware of the exact rates that would be charged to the account.

4.11 Complaints about excessive interest rates charged

Board of the Company shall lay out an interest rate policy mentioning internal principles and procedures in determining interest rates, processing charges and other charges.

5. Review

- a) This Policy is subject to review by the board of directors of the Company as and when deemed necessary.
- b) This Policy shall be subject to the applicable laws including but not limited to the rules, regulations, guidelines, directives and instructions issued by the RBI, from time to time and shall supersede the earlier version of the Policy. Any change/amendment in applicable laws with regard to maintenance of an appropriate Fair Practices Code shall be deemed to be incorporated in this Policy by reference and this Policy shall be deemed to have been amended and revised accordingly

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