

QGO Finance Limited

Fair Practice code



Version Control:

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1.	Fair Practice code	V1.0	October 18, 2019	Policy document approved.
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Fair Practice Code of QGO Finance Limited

QGO Finance Limited (hereinafter referred to as the company)

1. PREAMBLE

The Company endeavors to review the “Fair Practice Code” (FPC). The Company shall adopt all the best practices prescribed by RBI from time and shall make appropriate modifications if any necessary to this code to conform to the standards so prescribed

The Reserve Bank of India (RBI) has issued guidelines on Fair Practices Code for Non-Banking Financial Companies (NBFCs) hereby setting standards for fair business and corporate practices while dealing with their customers. Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 (“**Master Directions**”) (issued by RBI provides that all the applicable NBFCs shall put in place Fair Practices Code based on the guidelines outlined in the Directions.

QGO Finance Limited (“the Company”) is a Non-Systemically Important Non-Deposit taking Non-Banking Financial Company registered with RBI. Further, as per the Master Directions, the Company is classified as a Base Layer NBFC. In terms of the Directions and considering the nature of business of the Company, as the Company has adopted the Fair Practices Code (“FPC”) for the Company’s lending activities under all categories of products.

The Company’s Policy is to treat all the clients consistently and fairly. The employees of the Company will offer assistance, encouragement and service in a fair, equitable and consistent manner. The Company will also communicate its Fair Practices Code (FPC) to its customers by uploading the FPC on its website.

2. KEY OBJECTIVES

The key objectives of putting in place the FPC are as follows.

- a. To act fairly and reasonably in all the dealings with borrowers by ensuring that:
 - i. The Company’s procedures and practices will meet the broad requirements and standards of the FPC;
 - ii. The Company’s services will be in accordance with relevant laws and regulations as applicable to the Company for the time being in force;
 - iii. The Company’s dealings with its borrowers will rest on ethical principles of honesty, integrity and transparency.
- b. The Company will assist its customers in understanding as to what are the broad features of its financial services and what are the benefits and risks involved in availing the same by

- i. Providing information about the services in simple manner;
- ii. Explaining the financial implications of using the services;
- iii. Offering immediate assistance and solving queries in the most time efficient and cost-efficient manner.

The Company will make every attempt to ensure that its borrowers would have trouble-free experience in dealing with it.

3. APPLICABILITY OF FAIR PRACTICE CODE

The FPC will be applicable to the following broad areas:

- I. Loan applications and processing thereof;
- II. Loan appraisal and terms/conditions
- III. Disbursement of loans including changes, if any, in terms and conditions
- IV. Procedure on Responsible Lending Conduct - Release of Movable / Immovable Property Documents
- V. Other General Provisions

I. Loan applications and processing thereof

- Loan documentations set will, inter alia, include the broad features and the terms and conditions governing the loan. This would enable the borrowers to take an informed /meaningful decision by comparing and analyzing the terms offered by the Company with other lenders in the market. The said documentation set shall also specify the documents required to be submitted by the borrowers at the time of application.
- Loan Application Form may also list out the additional information required from the borrowers in order to enable the Company to create the database.
- Loan Application Form shall provide for giving an acknowledgement to the borrowers acknowledging receipt of the same.
- All the loan applications shall be disposed off within a period of 90 working days from the date of receipt of duly completed Loan Application Forms together with the requisite documents and subject to receipt of all documents complying with prevailing rules and regulations by the borrower.
- All communication with the Borrowers shall be in the vernacular language understood and confirmed by borrowers.
- The Company, before sanctioning the loan, would carry out proper due diligence in order to ascertain the ability of the borrowers to repay the loan.

II. Loan appraisal and terms/conditions

- The Company shall consider all the loan applications basis the risk based assessment procedures adopted by it.
- The Company may during the course of appraisal require the borrowers to submit additional information.
- The grant of loan shall be communicated to the borrowers in writing and in the vernacular language as understood by the borrower by means of Sanction Letter, inter alia, containing the broad terms and conditions governing the loan including the annualized rate of interest and method of application thereof and the penal charges/other charges, if any, in bold in the loan agreement. The borrowers shall give their acknowledgement in writing in token of their acceptance of terms and conditions governing the loan sanctioned by the Company and the Company shall keep the said acceptance on its record.
- A copy each of the loan documents including loan agreement and annexures / enclosures thereof shall be made available to the borrower.
- Penalty, if charged for non-compliance of terms and conditions of loan agreement by the borrower shall be treated as “penal charges” and shall not be levied in form of “penal interest that is added to the rate of interest charged on the advances. There shall be no capitalization of such charges i.e. no further interest computed on such charges. The revised penal charges on various loans forms part of the Annexure I annexed to this Code.
- The quantum of penal charges shall be reasonable and commensurate with the non- compliance of material terms and conditions of loan contract without being discriminatory within a particular loan category.
- The quantum and reason for penal charges shall be clearly disclosed by the Company to the borrowers in the loan agreement, General terms and conditions, Schedule of Terms or any other document by whatever name called forming part of the loan agreement in addition to being displayed on the Company’s website under Interest rates and Service Charges.
- 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.
- Penal charges may be reduced, adjusted or waived by the Admin Committee / Sanctioning Authority in certain cases based on the information / justification provided by the Borrower.
- The Company will appraise the borrower about the operative part of the loan which will cover the moratorium interest, foreclosure charges, payment of interest, repayment of principal etc.

III. Disbursement of loans including changes in terms and conditions

- Disbursement of amount of loans sanctioned may be made available to the borrowers on demand subject to completion of all formalities including execution of loan documents.

- Any change in the terms and conditions including disbursement schedule, interest rate, service charges, prepayment charges, etc. shall be notified to the borrowers in writing via registered means of communication..
- 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.
- 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.
- The collaterals lying with the Company may be released based on the terms and conditions in the loan agreement. In case of arising of any event that would demand for release of collateral as agreed between the parties and governed by the loan agreement..
- In cases where the borrower has availed facility allowing him/it to borrow/draw monies within the overall amount sanctioned as and when needed by him/it, the collateral may be retained by the Company for operational convenience and to protect its interest from potential default by the borrowers.

IV. Procedure on Responsible Lending Conduct - Release of Movable / Immovable Property Documents

Introduction:

This section of the fair practice code has been prepared to adhere to the Circular dated September 13, 2023 issued by the Reserve Bank of India (RBI) on Responsible Lending Conduct, specifically addressing the release of movable and immovable property documents upon the repayment or settlement of personal loans. Since, QGO Finance Limited (the Company) is a Non-Banking Financial Company (NBFC), the Company is required to align its practices with the applicable regulatory directives and maintain the highest standards of customer service. This section intends to lay down procedures and protocols to ensure timely and efficient release of original movable and immovable property documents wherever warranted, and to provide appropriate compensation in case of any delays or loss/damage to crucial property documents in appropriate cases.

This Policy is applicable to all cases where the release of original movable and immovable property documents becomes due on or after December 1, 2023.

Release of Movable / Immovable Property Documents:

The Company shall release all original movable and immovable property documents and remove any charges registered with any registry within 30 days from the date of full repayment or settlement of all the loan accounts which are

charged/secured by the specific documents/security/ies.

In cases where cross-collateralization exists, i.e., the borrower has provided security for multiple facilities, the 30-day period for the release of original movable and immovable property documents shall apply only after the full repayment or settlement of all the loan facilities availed by the borrower, unless waived by the sanctioning authority. The release of documents in such instances will be subject to the complete closure of all associated loan accounts and the satisfaction of all outstanding liabilities by the borrower.

The Company shall also endeavour to release all charges registered with the various registries within a period of 30 days from the date of issuance of a “No Dues” letter to the borrower. In situations where delays in the release of such charges are caused on account of technical issues on external portals or challenges faced in the offices of regulatory authorities, such as the MCA / CERSAI / NESL/ Sub - Registrar of assurances or other government regulatory offices, the Company shall not be held responsible for any resulting delay beyond the stipulated 30-day period. The Company will make every effort to resolve such issues promptly and will communicate transparently with the concerned borrower/s, providing details regarding the nature of the delay and the feasible measures, being taken to expedite the process. However, it shall also be made abundantly clear to the borrower that it would be for the borrower:

- i) to initiate satisfaction of charge in the register of charges maintained with the concerned ROC;
- ii) to initiate the process for execution of a release deed for mortgaged immovable assets and to pursue with the concerned sub - registrar of assurances for registering such release deeds

With regard to actions required to be initiated and followed up by the borrower, the Company shall not be held responsible for delays caused due to delayed action or inaction of borrowers. Further, the Company shall not be responsible for any delay caused due to reasons beyond the control of the Company and its officers or agents.

The details regarding the timeline and location for the return of these documents will be explicitly mentioned in the loan sanction letters issued on or after the effective date of this Policy.

Procedure for Return of Documents in Case of Demise of Borrower:

Although the Company is primarily engaged in wholesale lending, in the event of any all loan being sanctioned and disbursed, the Company will ensure the adherence to the below process for the return of original movable and immovable property documents to the legal heirs in the unfortunate circumstance of the demise of the sole borrower or joint borrowers:

Upon receiving a formal request from the legal heirs of the deceased borrower, the Company shall request for submission of a valid death certificate and all other necessary testamentary legal documentation to establish the legitimacy of the claim.

Following the verification of the submitted documents and confirmation of the legal heirs' entitlement to the property documents (which may entail taking an opinion to this effect from external legal counsels), the Company will facilitate the orderly transfer of the movable and immovable property documents to the designated legal heirs, ensuring compliance with all relevant legal and regulatory requirements.

Compensation for Delay or Loss/Damage:

In the event of any delay in releasing the original documents beyond the stipulated 30 days after full repayment or settlement of the loan, such delay not being attributable to any action or inaction of the Company, the Company will communicate the reasons for the delay to the borrower and provide compensation at the rate of Rs. 5,000 per day of delay, subject to the exceptions outlined in the Policy regarding delays arising from external portal and regulatory office issues.

In the event of any loss or damage occurring to the original movable or immovable property documents, the Company will assist the borrower in obtaining duplicate or certified copies of the documents, covering all associated costs and providing the above-mentioned compensation for the delay, subject to the terms detailed in the Policy regarding delays arising due to factors beyond the control of the Company and its officers.

V. Reset of floating interest rate on Equated Monthly Instalments (EMI) on personal loans, if any offered by the Company:

The Company, at present, does not offer personal loans to its customers. However, it will comply with the Circular dated August 18, 2023, for reset of personal loans, if any.

VI. Other General Provisions:

- The Company shall refrain from interfering in the affairs of the borrowers except as provided in the terms and conditions governing the loan as contained in the loan documents (unless new information, not earlier disclosed by the borrower, has come to its notice).
- The Company shall not discriminate sanction or rejection of the loan on the grounds of gender, caste or religion in its lending policy and activities.
- In the case of recovery of loans, the Company shall resort to the usual measures, which are legally and legitimately available to it and as per laid down guidelines and extent provisions and shall operate within the legal framework.

- The Company shall provide the terms and conditions in respect of its lending activities or services whenever the borrower requests for the same.

VII. CONFIDENTIALITY:

The Company may not reveal transaction details of the borrowers to any other persons except under following circumstances:

- If the Company is required to provide the information to any statutory or regulatory body or bodies;
- If arising out of a public duty to reveal the information;
- If it is in the interest of the borrowers to provide such information (e.g. fraud prevention);
- If the borrower has authorized the Company to provide such information to its group/ associate / entities or companies or any such person/ entity as specifically agreed upon;
- If the borrower defaults to meet its obligation towards the Company.

4. RESPONSIBILITY OF BOARD OF DIRECTORS:

The Board of Directors of the Company shall lay down the appropriate grievance redressal mechanism within the organization. Such a mechanism shall ensure that all disputes arising out of the decisions of the company functionaries are heard and disposed of at least at the next higher level. The Board of Directors shall 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 shall be submitted to the Board at regular intervals, as may be prescribed by it.

5. GRIEVANCE REDRESSAL MECHANISM:

Company secretary of the Company is the Grievance Redressal Officer to redress the grievances of the borrowers, in connection with any matter pertaining to business practices, lending decisions, credit management and recovery. Further, the Redressal Officer shall also redress the grievance of the outsourced agencies/service provider.

The details of the Grievance Redressal Officer are given as follows:

Name of the Grievance Redressal Officer	: Ms. Urmi Joiser
Address	: 3rd Floor, A-514, TTC Industrial Area, MIDC, Mahape, Navi Mumbai - 400701
Tel	: (+91) 8657400776
Email ID	: QGOCS@qgofinance.com

The Company has provided for following Grievance Redressal Mechanism to resolve anyof its customers query / grievance:

- The Grievance Redressal Officer shall take all necessary steps to redress and resolve the grievance and ensure that the final decision is communicated to the complainant as soon as possible and in any case not later than 30 days from the date of receipt of the complaint.

If the complaint was rejected wholly or partly or the complainant is not satisfied with the reply or the complainant had not received any reply within 30 days of the receipt of the complaint by the Company:

- The complainant can make the complaint in physical form, including postal and hand-delivered complaints to be addressed and sent to:

Reserve Bank of India
Department of Non-Banking Supervision
Central Office
World Trade Centre, Centre 1, 2nd Floor
Cuffe Parade, Colaba
Mumbai- 400005

- Statement of client complaints shall be placed before the Board of Directors for their review on a quarterly basis.

Nodal Officer/Principal Nodal Officer:

When the Company falls under the ambit of the Ombudsman Scheme for NBFC's after crossing the asset size of Rs. 100 Crore, it shall appoint Nodal Officer/ Principal Nodal Officer in accordance with applicable directions from the RBI.

6. 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 guidelines outlined hereinabove shall be put in place by the company at a due approval of their Board. but in no way sacrificing the spirit underlying the above guidelines. The same shall be put up on the web-site.

7. REGULATION OF EXCESSIVE INTEREST CHARGED BY THE COMPANY:

- a. The Board the company shall adopt an interest rate model taking into account relevant factors such as cost of funds, margin and risk premium and determine 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 web-site of the companies or published in the relevant

newspapers. The information published in the website or otherwise published shall be updated whenever there is a change in the rates of interest.

- c. The rate of interest will be annualized rate so that the borrower is aware of the exact rates that would be charged to the account.
- d. Boards of the company shall lay out appropriate internal principles and procedures in determining interest rates and processing and other charges.

8. FORCE MAJEURE:

The various commitments outlined and made by the Company shall be applicable under the normal operating environment. In the event of any Force Majeure circumstances, the Company may not be able to fulfill the objectives under the FPC to the entire satisfaction of the borrowers.

9. REVIEW OF THE POLICY/AMENDMENTS:

This Policy is subject to periodic annual review and any amendments to the regulatory framework issued by the RBI, from time to time.

In case any amendments, clarifications, circulars and guidelines issued by RBI, not being consistent with the provisions laid down under this Policy, then the provisions of such amendments, clarifications, circulars and the guidelines shall prevail upon the provisions contained in this Policy and the same shall stand amended accordingly effective from the date as laid down under such amendments, clarifications, circulars and guidelines.

ANNEXURE I

**SCHEDULE OF PENAL CHARGES
ON NEW LOANS SANCTIONED ON OR AFTER APRIL 1, 2024**

Project Loans/ CHS Loans		
1	Failure to pay in terms of Facility Documents (interest and principal instalment)	2% p.a.
2	Non-compliance or breach of any covenants of the Facility Documents	2% p.a.
Business loans		
1	Failure to pay in terms of Facility Documents (normal interest and principal instalment)	2% p.a.
2	Non-compliance or breach of any covenants of the Facility Documents	2% p.a.

Notes:

- a. There will be no capitalisation of Penal Chares i.e. Penal charges as and when applied, will notbe compounded and will not be added to the interest.
- b. The Penal Charges will be calculated on a daily basis till such delay/non-compliance/default hasbeen cured or till final settlement date if not capable of being cured.
- c. The Regular interest as applicable to the facility will continue to be compounded (if applicable)as per the terms of the Facility Agreements.
- d. All the charges mentioned above are excluding GST (as applicable) or any other charges as the government may levy.
- e. These charges may be subject to further revisions, from time to time, as per the directions of Reserve Bank of India (RBI).