

Loan policy



Version Control:

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LOAN POLICY: QGO FINANCE LIMITED

1. COMPANY PROFILE:

QGO Finance Limited ('QGO' or 'the Company') is a Non-Banking Financial Company having valid Certificate of Registration issued by the Reserve Bank of India ('RBI') vide Registration No. B-13.02220 a Non Systemically Important Non Deposit Accepting Non-Banking Financial Institution wherein the Company is permitted to carry on the Business of Non-Banking Financial Institution without accepting deposits from general public having its registered office at 3rd Floor, A-514, TTC Industrial Area, MIDC, Mahape, Navi Mumbai Thane 400701.

2. OBJECTIVE:

- a. The Pradhan Mantri Awas Yojana (Urban) (PMAY-U) mission has driven significant progress in the development of affordable homes across the country. However, despite its efforts to provide affordable housing for the urban poor, including slum dwellers and those in the Economically Weaker Sections (EWS), Low Income Group (LIG), and Middle Income Group (MIG), the growth of affordable housing projects still falls short of addressing India's massive housing shortage. With the launch of PMAY-U 2.0 on September 1, 2024, for the next five years, the mission aims to further support individuals in constructing, purchasing, or renting homes.
- b. Smaller, local developers are facing challenges in procuring financing and QGO Finance Limited intends to address this gap.
- c. With the implementation of RERA, the real estate sector is more regulated today than it was ever before. Developers are now relying on availing debt or equity financing to raise initial capital for their projects and cash flows generated from the project are used subsequently to repay the loans.
- d. The regulation of the real estate industry has curtailed the risk in lending to developers to a great extent. That, coupled with the Government's focus on providing Affordable Housing makes Real Estate finance a viable and exciting opportunity for QGO Finance Limited.
- e. In SME Lending one of the key challenges faced by the entrepreneurs is the tedious documentation and long timelines involved in availing a loan. QGO Finance Limited intends to plug this gap by providing affordable loans which are disbursed efficiently with the implementation of cutting-edge technology.

3. SCOPE OF THIS POLICY:

This policy majorly focuses on the following:

- a. The nature of lending and its parameters.
- b. Procedural aspects with respect to lending.

4. ADHERENCE TO THE DIRECTIVES AND GUIDELINES ISSUED BY THE RESERVE BANK OF INDIA ('RBI'):

QGO is compliant with Master Direction - Reserve Bank of India (Non-Banking Financial Company - Scale Based Regulation) Directions, 2023. The policy will also consider any change in RBI policy directives. The Company will adopt any change in the policy, within a reasonable time period through a meeting of the Board of

Directors or circular resolution. This Loan Policy incorporates and shall be read in conjunction with the Reserve Bank of India (Project Finance) Directions, 2025 (“RBI PFD 2025”). The provisions of RBI PFD 2025 shall apply to project finance exposures sanctioned on or after 1 October 2025 and to any fresh credit event or material change in loan terms in projects financed prior to that date as specified in RBI PFD 2025. The Company will ensure compliance with RBI PFD 2025 in respect of all project finance exposures within the scope of those Directions.”

5. AREAS OF LENDING:

The Areas of Lending of QGO comprise of the following:

- a. Business loan
- b. Project Finance Loan for Real Estate Projects
- c. Project Finance Loan for co-operative housing societies;

6. KNOW YOUR CUSTOMER GUIDELINES:

QGO has formulated its KYC and AML policy and is following the same during the disbursements of the loans. All KYC documents like identity proof, address proof etc. which needs to be collected from borrowers, co borrowers and guarantors of loans and advances are prescribed in the said policy and obtained accordingly.

7. INTEREST AND OTHER CHARGES:

The Company believes in fair practice in granting loan. The Board has following directives for granting loan:

- a. Interest Charges: QGO will not charges excessively. It will restrict maximum interest charge to 22% per annum. The maximum interest will be reviewed every year by the Board of Directors and the policy shall be updated accordingly.
- b. All other charges including processing, documentation and legal charges will not exceed 5% of the sanctioned amount.
- c. Penal Interest charge will not exceed 2% per month.
- d. The Annualized rate of Interest shall be intimated to the customer. The interest rates may be offered on fixed, floating, variable basis.
- e. Interest rates shall be intimated to the customers at the time of Sanction/availing of the loan and the equated installment apportionment towards interest and principal dues shall be made available to the customers.
- f. Interest charges would be prospective in effect and intimation of change of interest, if any, or other charges would be communicated to customers
- g. While designing the Interest Rate Model, all the above factors shall be taken into consideration.
- h. Goods and Service Tax (‘GST’) or any other such tax shall be levied by the Company as per the applicable laws for the time being in force.

8. VERNACULAR LANGUAGE ENABLEMENT:

As a policy all documents of the Company are and will be in English Language. However, in case, the prospective Borrower is not able to understand the language, any of the officer/employee, if proficient in language, will assist the prospective Borrower in presence of the CFO/COO and explain the details. In case, prospective Borrower

wishes to bring another person whom he/she trusts, same will be allowed. An authority letter from the person shall be obtained. Further, a declaration from the borrower is also taken that he understands the terms and language stated in the loan agreement.

9. DUE DILIGENCE AND DOCUMENTATIONS:

- a. The due diligence process and documentation to be in accordance with approve policy for each type of loan.
- b. Financial closure is a pre-condition for any disbursement under a Project Finance Loan. Prior to any disbursement, the Company will satisfy itself that: (a) Financial closure has been achieved and evidenced by legally binding documentation; and (b) the Original Date of Commencement of Commercial Operations (“Original DCCO”) is clearly spelt out and documented in the financial closure records and loan agreement. The project-specific disbursement schedule and repayment schedule (post-DCCO) will be incorporated in the loan agreement. Disbursement shall be made in accordance with the documented disbursement schedule and subject to other prudential pre-conditions in this policy.
- c. Prior to financial closure, QGO will obtain all applicable approvals/clearances necessary for implementing the project, including (but not limited to) environmental clearances, statutory/regulatory approvals, land/title/legal clearances and permissions required to implement the project. Approvals/clearances that are contingent on achievement of specific project milestones (for example, operational consents that can be obtained only after construction of a particular asset) will be treated as applicable only when such milestones are achieved; these may be documented as milestone-linked covenants in the loan documentation. The sanction letter and financial closure checklist will identify all mandatory pre-closure approvals and those approvals that are milestone-dependent.
- d. For all Non-PPP projects financed by QGO Finance Limited, the borrower must demonstrate availability (or enforceable entitlement) of at least **75%** of the land / right-of-way required for the project prior to first disbursement. The evidence shall include title documentation, long-term lease/possession proof, or other legally enforceable instruments demonstrating right to use the land/ROW. For any residual land/ROW to be acquired post-financial closure, the borrower must present a credible acquisition plan with timelines and the sanction authority’s express approval.
- e. Disbursements shall be proportionate to the stage of completion of the project and to actual progress in equity infusion and other sources of finance as agreed at financial closure. Each disbursement drawdown shall be conditional on: (a) submission of the borrower’s stage-completion report; and (b) certification of the stage of completion by the Lender’s Independent Engineer (LIE) / Architect in the form satisfactory to the Company. The LIE/Architect’s certification shall be a pre-condition for release of the applicable tranche.

10. PROJECT FINANCE MONITORING & RESOLUTION:

- a. **Credit Event:** A “credit event” in respect of a project exposure shall be deemed to have occurred upon any of the events listed in RBI PFD 2025 (including, inter alia,

default, determination of need for DCCO extension, expiry of DCCO, requirement of additional debt or if the project faces financial difficulty).

- b. **Review Period (30 days):** Upon occurrence of a credit event, the Company will undertake a *prima facie* review of the project account within **30 days** from the date of the credit event (the “Review Period”) to assess viability and to recommend an appropriate resolution strategy. The Review Period is mandatory irrespective of whether the exposure is single-lender or multi-lender.
- c. **Inter-Creditor Agreement (ICA) — multi-lender cases only:** Where the exposure is part of a multiple-lender arrangement, the Company shall cooperate in timely negotiation and execution of an Inter-Creditor Agreement (ICA) within the Review Period, as required by RBI PFD 2025. Where QGO is the sole lender, ICA obligations will not apply; however, the *prima facie* review and resolution steps listed in this clause must still be completed within the Review Period.
- d. **CRILC & Reporting:** The Company shall report the credit event to CRILC in accordance with extant instructions and escalate internally as per the company’s CRILC & Credit-Event SOP.”
- e. **Permitted Deferment Limits:** Where a resolution plan involves extension of Original/Extended DCCO, QGO shall permit such deferment only within the RBI-specified limits: up to **2 years** for Non-Infrastructure projects (including Commercial Real Estate & CRE-RH) and up to **3 years** for Infrastructure projects. Any extension shall result in a consequential, equal or shorter shift in the repayment schedule.
- f. **Cost-Overrun Finance (when applicable):** Cost overrun associated with permitted DCCO deferment may be financed only in compliance with RBI conditions: financing of cost overrun up to **10%** of the original project cost (excluding IDC) and/or through a pre-sanctioned Standby Credit Facility (SBCF) as per the loan contract. If SBCF was not pre-sanctioned, additional funding shall be priced at a premium as per internal pricing policy and disclosed in the loan contract.
- g. **Viability Re-assessment & Financial Covenants:** Prior to approving any DCCO extension, QGO will re-assess project viability (including updated DSCR, D/E and other financial metrics) and ensure that financial parameters remain unchanged or are enhanced in the lender’s favour as required by RBI PFD 2025.
- h. **Implementation Timelines & Documentation:** All documents necessary for implementing the resolution plan (execution of agreements, creation/perfection of security, reflection of new capital structure in books) must be completed **within 180 days** from the end of the Review Period. Failure to implement the resolution plan within the RBI stipulated conditions and timelines will result in immediate downgrade of the account to NPA, as per RBI PFD 2025.

11. 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
Telephone Number	: (+91) 8657400776
Email ID	: QGOCS@QGOfinance.com

The Company has provided the following Grievance Redressal Mechanism to resolve any of 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.

CONTACT DETAILS OF THE PRINCIPAL NODAL OFFICER (PNO) UNDER THE RESERVE BANK – INTEGRATED OMBUDSMAN SCHEME, 2021:

Name	: Mrs. Sarita Singh
Designation	Assistant Company Secretary
Address	: 3rd Floor, A-514, TTC Industrial Area, MIDC, Mahape, Navi Mumbai – 400701
Contact No.	: (+91) 8657400775
Email ID	: Compliance@QGOfl.com

**12. PROCEDURE FOR RELEASE OF ORIGINAL PROPERTY DOCUMENTS TO
LEGAL HEIRS OR NOMINEES OF BORROWERS:**

- a. In order to ensure transparency, uniformity, and fairness in dealing with cases involving deceased borrowers, the Company shall adopt a standardized and time-bound procedure for the release and return of original title deeds and other immovable property documents to the legal heir(s), nominee(s), or duly authorised representative(s) of the deceased borrower.
- b. This Policy shall be applicable to all loan accounts where the borrower is an individual or a sole proprietor and the loan is secured by a charge or mortgage over immovable property.
- c. Upon receipt of information or intimation regarding the demise of a borrower, the Company shall duly record the date of such intimation in the customer master file and suspend any coercive recovery or collection actions until the identity and authority of the legal heir(s), nominee(s), or authorised representative(s) are duly verified.
- d. The legal heir(s), nominee(s), or authorised representative(s) shall be required to submit a written request for the release of the original property documents, accompanied by the following documents, as applicable:
 - Copy of the death certificate of the borrower;
 - Proof of identity and address of the claimant(s);
 - Legal heir certificate, succession certificate, probate of will, registered will, or an indemnity bond (as may be applicable in the facts of the case); and
 - Details of the relevant loan account and the mortgaged property
- e. The Operations Department shall undertake due verification of:
 - The authenticity of the death certificate;
 - The identity and authority of the claimant(s);
 - The settlement of all outstanding dues under the loan account; and
 - The absence of any legal, judicial, or regulatory restraint on the release of such property documents.
- f. Upon satisfactory completion of verification and receipt of all requisite documents, the Company shall communicate its decision to the claimant(s) within a period not exceeding thirty (30) days from the date of receipt of the complete application. In the event of any delay beyond the aforesaid period, the claimant(s) shall be informed in writing of the reasons for such delay.
- g. Upon satisfactory completion of the verification process, and subject to full repayment and closure of the loan account, the Company shall release the original title deeds and other property-related documents to the verified legal heir(s), nominee(s), or duly authorised representative(s), as the case may be, against a duly executed acknowledgment of receipt. The particulars of such

release shall be duly recorded in the Document Release Register maintained by the Operations Department.

- h. In cases involving multiple or disputed claims, the Company shall withhold the release of the original documents until the rightful claimant is determined by a competent court of law or authority, or until receipt of appropriate instructions therefrom.
- i. This Policy shall be published on the official website of the Company and shall also be made available at all branches and offices of the Company upon request.
- j. All communications, acknowledgments, applications, and supporting documents relating to the release and return of property documents shall be preserved by the Company for a minimum period of eight (8) years from the date of such handover

13. MEMBERSHIP WITH CREDIT INFORMATION COMPANIES:

The Company has obtained membership with all the four Credit Information Companies namely CIBIL, Experian, Equifax and CRIF High Mark.

As required by these agencies the Company shall submit information to them at regular intervals. This would help the management of the Company to obtain financial details of the irregular customers with other financial institutions who are also member of these four Credit Information Companies.

14. FAIR PRACTICE CODE:

The Company has adopted the Fair Practice Code 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.

15. POWERS OF THE BOARD OF DIRECTORS:

QGO has been operating in very close vigilance and supervision of its higher management consisting of its Board of Directors. Thus, Directors are given overriding powers to approve or disapprove, add or modify any of the provisions of this policy to the best interest of the Company.

16. POLICY REVIEW:

The Loan Policy shall be reviewed by the Board once every year and make amendments if considered necessary.