

Fair Practices Code

<u>Date created</u>	<u>21-09-2024</u>
<u>Date Effective</u>	<u>21-09-2024</u>
<u>Document Author</u>	<u>Compliance team</u>
<u>Version</u>	<u>3.0</u>

Fair Practices Code

Fintree Finance Private Limited**1. Introduction**

Fintree Finance Private Limited [the “Company”], is a Non-Deposit Taking Non-Systematically Important Non-Banking Financial Company [“NBFC-NSI-ND”] registered with the Reserve Bank of India [“RBI”] under section 45-IA of the Reserve Bank of India Act, 1934 [“RBI Act”].

The Company is engaged in the business of providing various financing products to its various customers, which include Individuals, Partnership firm, Companies, and other legal entities. The Company has framed and adopted a voluntary code, which sets out the principles for fair practice standards when dealing with the customers. As per Chapter VII of Master Direction-RBI (NBFC - Scale Based Regulation) Directions, 2025, as amended from time to time, the Company has adopted and implemented this code throughout the organization which has been duly approved by the Board of Directors of the Company. This Fair Practice Code applies to all the categories of products and services offered by the Company (Both currently offered and/ or which may be offered at a future date).

2. Objectives

This Fair Practices Code (FPC) is aimed to provide to the customers effective overview of practices, which is to be followed by the company to its customers. This Code would facilitate the existing as well as prospective customers to take informed decisions in respect of the financial facilities and services to be availed by them or other financial products which they may obtain from the Company.

This Code has been developed with an objective of:

- Ensuring Fair Practices while dealing with the customers.
- Promoting good, fair, and trustworthy practices by setting minimum standards in dealings with the customer.
- Increasing transparency to enable the customers to have a better understanding of the product and enabling them to take informed decisions.
- Promote a fair and cordial relationship between the customers and the Company.
- Building Customer Confidence in the Company.

3. Key Commitments

The Company's key commitments to its customers/prospective customers (As applicable) are as under:

- a) The Company is to act fairly and reasonably in all the dealings with customers by:
 - Meeting the commitments and standards in this Fair Practices Code for the financial products and services we offer, and procedures and practices our staff follow.
 - Ensuring that the Company's Products and/or services are in compliance with the relevant laws and regulations.
 - The Company's dealings with customers / prospective customers rest on ethical principles of integrity and transparency.
 - Providing accurate and timely disclosure of terms and conditions, costs, rights, and liabilities as regards financial transaction.
 - Not engaging in unlawful and/or unethical practices
- b) The Company is to help the customers/prospective customers understand how the financial products and/or services work by:
 - Ensuring that our advertising and promotional literature is clear and is not misleading.
 - Giving verbal information that is consistent with the literature shared with customer.
 - Explaining financial implications of the transactions to them.
- c) The Company is to deal quickly and sympathetically with the customer complaints/queries by:
 - Offering channel to route the consumer queries.
 - Correcting mistakes/errors quickly.
 - Attending and handling customer complaints quickly.
 - Assisting customers on process to taking their complaints forward if they are not satisfied with our assistance.
 - Reversing any charges that the Company has applied erroneously quickly.
- d) The Company is to have copies of this code available for customer on request.

4. Information:

- a. Helping customer choose products and services, which meet their needs and give them clear information explaining the key features of the services and products they are interested in.
- b. Inform customers about the documentary information the Company needs from them to establish customer's true identity and address and other documents to comply with legal and regulatory requirements.

- c. Giving exact idea to the customers that how the selected product or service will be implemented on the company's end and what all compliances needs to be done on the customer's end.
- d. The company will inform regarding the charges for any service or product before the company provides that service or product.

5. Non-Discrimination

The company is strictly prohibited to engage in any form of discrimination towards the Company's existing as well as potential customers based on gender, race, or religion. Any complaints for violation of the same are to be communicated immediately to the Grievance Redressal Officer of the Company, whose communication details have been stated in Clause 14.

6. Application for Loans and their Processing

- a. The Company's Official language for all communications within the Company or with third parties is to be English.
- b. A declaration from each customer is to be obtained along with the application or at the time of entering into agreement to the effect certifying that the customer understands key terms and conditions of the agreement. Also, for customer(s) not understanding English, the company will arrange to explain the terms in language understood by the customer and a declaration about same shall be obtained.
- c. The Application Form of the Company for each of the products offered may be different depending upon the requirement of each product and shall include all information should also be provided by the Company to facilitate the Borrower in making a meaningful comparison with similar terms and conditions offered by other Lending Institutions and taking an informed decision based on the aforesaid comparison.
- d. The Application Form of the Company shall also indicate the list of documents required to be submitted by the borrowers along with the application Form.
- e. All communications to the borrower shall be in English or in the language as understood and confirmed by the borrower.
- f. The company has a mechanism of giving acknowledgement for receipt of Loan Applications from its Borrowers/ Prospective Borrowers. The company shall inform the borrower about its decision within reasonable period of time from the date of receipt of all the information required in full.
- g. The company may conduct contact point verification through its employees or through an agency appointed by it, by contacting the customer at their residence/ business telephone numbers and/or physical visit to residence/business address mentioned on the loan application, depending on the risk categorization of the client.

7. Loan Appraisal and Terms & Conditions

- a. The Company shall conduct a due diligence on the creditworthiness of the borrower, which will be an important parameter for taking a decision on the application. The assessment would be in line with the company's credit policies (if any), client categorization, industry norms and procedures in respect thereof.
- b. The company will convey in writing to the borrower, in English or in the language as understood and confirmed by the borrower, by means of a written sanction letter of the amount of loan sanctioned or otherwise. The said letter shall contain the terms and conditions including the annualised rates of interest and method of application thereof and keep the acceptance of these terms and conditions in the Company's records.
- c. The terms and conditions may mention penal interest to be charged for late payment. The same will be disclosed in bold in the Loan Agreement.
- d. The company will obtain an acceptance from the borrower on the said sanction letter with the borrower's signature under the caption **"I/WE ACCEPT ALL THE TERMS AND**

CONDITIONS WHICH HAVE BEEN READ AND UNDERSTOOD BY ME/US.” The company will maintain a record of such acceptance.

- e. The company will furnish a copy of loan agreement along with a copy of all enclosures quoted in the loan agreement to all the borrowers at the time of sanction/disbursement of loans. The company will ensure that the loan agreements and enclosures furnished to all borrowers contains the terms and conditions and the rate of interest in the form of a term sheet, which shall be annexed to the loan agreement.

8. Disbursement of Loans (Including changes in Terms & Conditions)

- a. The company has framed appropriate internal principles and procedures for determining the interest rates, processing, and other charges. The company shall at the time of disbursal, ensure that the interest rate and processing and other charges on loan and advances are in strict adherence to above referred internal principles and procedures.
- b. The disbursement shall be done immediately upon compliance of all terms and conditions of the sanction by the borrower.
- c. The company shall give notice in writing to the borrower of any change in the terms and conditions including disbursement schedule, interest rate, services charges, prepayment charges etc. the company shall also ensure that changes in interest rates and charges are affected on prospectively. This clause shall be covered in the loan agreement as well.
- d. Decision to recall/accelerate payment or performance under the Agreement shall be in consonance with the respective loan agreement.
- e. The company shall release all securities of its Borrower only on repayment of all dues by such borrower, or only on realization of the outstanding amount of the borrower's availed limit, subject to any legitimate right or lien for any other claim which the company may have against its Borrower. If such right of set off is to be exercised, the borrower shall be given notice in writing about the same with full particulars about the remaining claims and conditions under which the company will be entitled to retain the securities till the relevant claim is settled or paid by the Borrower. Due No Objection certificate will be issued to the customer on fulfilment of said terms within 30 working days of completion of formalities.

9. Responsible Lending Conduct – Release of movable/immovable property documents on repayment/ settlement of personal loans

The Company shall adhere to RBI's circular on Responsible Lending Conduct – Release of movable/immovable property documents on repayment/ settlement of personal loans dated September 13, 2023

- (i) NBFCs shall release all the original movable / immovable property documents and remove charges registered with any registry within a period of 30 days after full repayment / settlement of the loan account.
- (ii) The borrower shall be given 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 NBFC where the documents are available, as per her/his preference.
- (iii) The timeline and place of return of original movable/immovable property documents shall be mentioned in the loan sanction letters issued on or after the effective date.
- (iv) In order to address the contingent event of demise of the sole borrower or joint borrowers, Company have a well laid out procedure for return of original movable/immovable property documents to the legal heirs. Such procedure is displayed on the website of NBFCs along with other similar policies and procedures for customer information.

10. Ombudsman Scheme for Non-Banking Financial Companies

Under the Ombudsman Scheme, the Company has appointed Nodal Officer (NO) who shall be responsible for representing the Company and furnishing information to the Ombudsman in respect of complaints filed against the Company. For the benefit of the customers, at the branches/ places where business is transacted, the name and contact details (Telephone/ Mobile number and email) of the NO along with the details of the complaint lodging portal of the Ombudsman (<https://cms.rbi.org.in>) will be displayed. The salient features of the Scheme shall be displayed prominently in English, Hindi and Regional languages at all the offices and branches in such a manner that a person visiting the office or branch has adequate information on the Scheme. The salient features of the Ombudsman Scheme along with the copy of the Scheme and contact details of the Nodal Officer shall be prominently displayed and updated on the website.

11. General

- a. The company shall strictly refrain from interference in the affairs of the borrowers except for the purposes provided in the Loan Agreement unless new information not earlier disclosed by the borrower has come to notice of the company.
- b. In the matter of recovery of loans, the Company shall strictly resort only to remedies which are legally legitimately available to it and shall at no point in time resort to any form of undue harassment like bothering the borrowers at odd hours/ use of muscle power for recovery of loans.
- c. The company shall ensure that the entire process of enforcing its security, valuation and realization thereof is fair and transparent.
- d. The company shall ensure that the staff is adequately trained to deal with the customers in an appropriate manner.
- e. In case of receipt of request from the borrower for transfer of the borrowal account, the consent or otherwise i.e., objection of the company, if any, shall be conveyed within 21 days from the date of receipt of such request. Such transfer shall be as per transparent contractual terms in consonance with law.
- f. The company shall not charge interest rate beyond a certain level which may be seen as excessive or not suitable or not conforming to normal financial practices.
- g. As a measure of customer protection and also in order to bring in uniformity with regard to prepayment of various loans by borrowers of banks and NBFCs, the Company shall not charge foreclosure charges/ pre-payment penalties on all floating rate term loans sanctioned to *individual borrowers*, with immediate effect if the same has been closed within 7 days.

12. Responsibility of Board of Directors

The Board of Directors of Company shall also lay down the appropriate grievance redressal mechanism within the organization. Such a mechanism will ensure that all disputes arising out of the decisions of lending institutions' 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 grievance's 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.

13. Confidentiality

Unless authorised by the customer, the company will treat all personal information as private and confidential. The company will not reveal transaction details to any other entity including within the group other than the following exceptional cases:

- If the company is required to provide the information by statutory or regulatory laws (e.g., Furnishing information FIU-Ind, Central Know Your Customer Registry, etc.)

- If there is a duty to the public to reveal this information (e.g., Furnishing information to Credit Information Companies)
- If the company has taken customers permission in writing (for instance at the time of loan sanctioning) to provide such information to its group/associate/entities or companies for providing other product or services
- Where the customer asks us in writing to reveal such information to its group/associate/entities or companies for providing other services and products.

14. Further Assistance

- a. A grievance redressal mechanism within the organisation comprising Business Heads, Heads of Risk and collections and Head of Operations has been set up to resolve disputes arising in this regard. This Forum will ensure that all the disputes arising out of the decisions the company's functionaries are heard disposed of at least at the next higher level.
- b. The following information shall be displayed prominently, for the benefit of the customers, at all branches/places of company where the business is transacted:
 - i. The name and contact details (Telephone/Mobile nos. as also email address) of the Grievance Redressal Officer who can be approached for resolution of complaints against the company.
 - ii. If the complaint/dispute is not redressed within a period of one month, the customer may appeal to:

The Officer-in-Charge

Department of Non-Banking Supervision,
Reserve Bank of India, Mumbai Regional Office
Central Office, World Trade Centre, Centre I,
Cuffe Parade, Colaba, Mumbai - 400 005

15. Regulation of Rate of Interest

- a. The Board of 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 rate of interest charged shall be based on type of loan, amount of loan, tenure, security provided, nature of borrower and co-borrower, income source and income level of borrower etc. The rate of interest charged shall be clearly documented and communicated explicitly in the sanction letter.
- c. The information published on the website or otherwise published, if any, should be updated whenever there is a change in the rates of interest.
- d. The rate of interest should be annualised rates so that the borrower is aware of the exact rates that would be charged to the account.

16. Complaint Redressal Mechanism

- a. All customers are treated fairly at all times. All customer escalations and grievances are dealt with courtesy and resolved on time.
- b. A telephone number for receiving the grievances of the customers shall be intimated in loan sanction form. In addition, a separate e-mail ID shall be created where customer can send their grievances via e-mail. The relevant information will be updated on website as and when there are any changes.

- c. After examining the matter, the company shall endeavour to send the customer its response within four weeks and intimate the customer how to escalate the complaint to higher level if he is not satisfied with the response from lower level.
- d. The complaints can be forwarded to Grievance redressal officer on Email ID wecare@fintreefinance.com or at the following address:

Ms. Sweta Parekh
(Grievance redressal officer)
Fintree Finance Private Limited,
4th Floor, Engineering Centre,
Opera House, 9 Matthew Road,
Mumbai 400004.
M: 18002678111

If the complaint /dispute is not redressed within a period of four weeks, the customer may appeal to the following Officer-in-Charge of Mumbai Regional Office of Department of Non-Banking Supervision of the Reserve Bank of India:

The Officer-in-Charge
Department of Non-Banking Supervision,
Reserve Bank of India, Mumbai Regional Office
Central Office, World Trade Centre, Centre I,
Cuffe Parade, Colaba, Mumbai - 400 005
Tel: +91-22-23022011
Email ID: dnbsmro@rbi.org.in

- e. A periodical review of the compliance of the Fair Practice Code following the spirit of the Code and in the manner, it may be applicable to its business. Every employee responsible to directly deal with the customers shall be updated of the fair practices code and its amendments/updation at regular intervals.

17. Repossession of vehicles financed by Company:

The Company shall have a built-in re-possession clause in the contract/loan agreement with the borrower which must be legally enforceable. To ensure transparency, the terms and conditions of the contract/loan agreement shall also contain provisions regarding: (a) notice period before taking possession; (b) circumstances under which the notice period can be waived; (c) the procedure for taking possession of the security; (d) a provision regarding final chance to be given to the borrower for repayment of loan before the sale / auction of the property; (e) the procedure for giving repossession to the borrower; and (f) the procedure for sale / auction of the property. A copy of such terms and conditions will be made available to the borrower in terms of circular wherein it will be stated that Company may invariably furnish a copy of the loan agreement 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, which may form a key component of such contracts/loan agreements.

18. Adherence to this Fair Practices Code

The company shall abide by this Fair Practices Code following the spirit of the Code and in the manner, it may be applicable to its business. Every employee responsible to directly deal with the

customers shall be updated to the fair practice code and its amendments/updation at regular intervals. Commitments outlined in this code are applicable under normal operating environment. In the event of force majeure, the company may not be able to fulfil the commitments under this code.

19. Adoption of the Fair Practices Code

The Fair Practices Code has been adopted vide Company's Board of Directors resolution dated 21st September, 2024. This Fair Practices Code shall stand applicable organization wide with effect from 21st September, 2024.