
Fair Practices Code

Version 1.0

Famy Finance Private Limited

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1. Introduction

Famy Finance Private Limited (hereinafter referred to as 'Famy Finance' or 'the Company' or 'the NBFC') is a non-deposit taking Non-Banking Financial Company (NBFC) duly registered with the Reserve Bank of India ('RBI'). Under the Scale Based Regulatory (SBR) Framework for NBFCs, the Company is categorized as a Base Layer NBFC based on its asset size.

The Company is engaged in the business of carrying out investment and trading activity in various securities such as equity shares, debt securities, futures and options and other financial instruments including derivative instruments as permitted under the applicable regulations as well as lending business.

The Company has framed this policy on Fair Practices Code (hereinafter referred to as "the policy") in accordance with Chapter VII of the Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 dated October 19, 2023 and updated from time to time and has been duly approved by the Board of Directors of the Company.

2. Objective

The FPC has been developed to:

- a) Promote a fair and cordial relationship between the borrowers and the Company.
- b) Provide to the borrowers effective overview of practices, which will be followed by the Company in respect of the financial facilities and services offered by the Company.
- c) Promote trustworthy practices by setting minimum standards in dealings with the borrowers.
- d) Increase transparency to enable the borrowers to have a better understanding and build borrower confidence in the company, of what they can reasonably expect of the services in relation to financial products and facilities.

3. Our Key Commitments

- To provide professional, efficient, courteous, diligent and speedy services in relation to financial facilities.
- To act fairly, diligently and reasonably in all dealings with its borrowers by ensuring that its product, services in relation to its financial products and facilities, procedure and practice will meet the commitments, standards set out in this FPC.
- Not to discriminate based on religion, caste, sex, descent in any manner.
- To provide borrowers with accurate and timely disclosure of all relevant details with regard to loan transactions including terms, costs, rights and liabilities.
- The Company shall help the borrower to have a trouble-free experience in dealing with our financial products and services.

- To attempt in good faith to resolve any disputes or differences with borrowers by setting up complaint redressal system within the organization.

4. Communications/ disclosure requirements

The Company will ensure that all communications to the borrowers shall be in the vernacular language or a language as understood by the borrower.

The Fair Practices Code shall preferably be in the vernacular language or a language as understood by the borrower based on the guidelines outlined by RBI and put in place by the Company with the approval of the Board.

The Company will have the freedom of drafting the Fair Practices Code, enhancing the scope of the guidelines. The same shall be put up on their website, for the information of various stakeholders.

Loan applications

- Loan application forms shall include necessary information which affects the interest of the borrower. Further, the loan application form shall indicate the documents required to be submitted with the application form.
- The Company shall give an acknowledgement for receipt of all loan applications to the respective borrowers, which will also indicate the time frame within which loan applications will be disposed of.
- Keeping in mind that mail communication is the in trend, leading to saving of physical papers, Company proposes to allow application for Loan to be made by prospective Borrowers through mail communication also as a valid means of communications. Borrowers can give all the documents required along with application as scanned attachment(s) in the mail for loan application. The company will encourage the use of Digital Signatures or e-signatures for receiving and while giving responses/acknowledgements.

Loan appraisal and terms/ conditions/ Loan Agreement

- The Company shall convey the amount of loan sanctioned along with the terms and conditions including annualised rate of interest and method of application thereof. This communication can also be through mail by an authorized person through means of digital signatures/e-signatures or any other valid form of communication.
- The Company shall keep the copy of acceptance of these terms and conditions by the borrower on its record.
- The Company shall mention the penalties 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.

- The Company shall also ensure to include a clause in the loan agreement indicating that changes in interest rates and charges are affected only prospectively except when certain event-based contingencies have been pre-agreed with the borrowers.
- The rate of interest and the approach for gradations of risk and for charging rate of interest to borrower shall be disclosed in the sanction letter.
- The rates of interest and the approach for gradation of risks shall also be made available on the website of the companies or published in the relevant newspapers and shall be updated whenever there is a change in the rates of interest.

Disbursement of loans

- The Company shall give a notice to the borrower of any change in the terms and conditions including disbursement schedule, interest rates, services charges, prepayment charges etc.
- The Company shall ensure that changes in interest rates and charges are affected only prospectively.
- Decision to recall/accelerate payment or performance under the agreement shall be in consonance with the loan agreement as may be mutually agreed between parties.
- The Company shall release all securities on repayment of all dues or on realisation of the outstanding amount of loan subject to any legitimate right or lien for any other claim they may have against borrower. 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 securities till the relevant claim is settled/paid.

Loan Recovery

- The Company shall not resort to undue harassment like bothering the borrowers at odd hours/ use of muscle power for recovery of loans.
- The Company shall ensure that the staff are adequately trained to deal with the borrowers in an appropriate manner.

General

- The Company refrain from interference in the affairs of the borrower except for the purposes provided in the terms and conditions of the loan agreement, unless new information not earlier disclosed by the borrower, has been noticed.
- In case of receipt of request from the borrower for transfer of 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 request. Such transfer shall be as per transparent contractual terms in consonance with law.

- The Company shall not charge foreclosure charges/ pre-payment penalties on any floating rate term loan sanctioned for purposes other than business to individual borrowers, with or without co-obligant(s).

5. Penal charges in loan accounts

- Penalty, if charged, for non-compliance of material terms and conditions of loan contract by the borrower shall be treated as 'penal charges' and shall not be levied in the form of 'penal interest' that is added to the rate of interest charged on the advances. There shall be no capitalisation of penal charges i.e., no further interest computed on such charges. *(Note- This will, however, not affect the normal procedures for compounding of interest in the loan account.)*
- The Company shall not introduce any additional component to the rate of interest and ensure compliance to these guidelines in both letter and spirit.
- The Company shall formulate a Board approved policy on penal charges or similar charges on loans, by whatever name called, as part of its Loan/ Product Policy.
- 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/product category.
- The Company shall clearly disclose quantum and reason for penal charges to the borrowers in the loan agreement and most important terms & conditions/Key Fact Statement (KFS) as, in addition to being displayed on websites under Interest rates and Service Charges.
- The penal charges shall be communicated to borrowers, whenever reminders for non-compliance of material terms and conditions of loan are sent.
- Any instance of levy of penal charges and the reason therefor shall also be communicated to the borrowers.
- In the event a borrower disputes a penalty charged by the Company, the Company may, at its discretion and on the basis of representations made by the borrower, waive off or reduce such penalty amount.

6. Confidentiality:

The Company may not reveal transaction details of the borrowers to any other persons except under following circumstances in conformity with the applicable regulations prescribed in this regard:

1. The information is required to be disclosed by any applicable law, any direction, request or requirement of government authority.
2. The information is required by the auditor(whether internal or statutory) , professional advisors, agents or any third party service providers of the lenders on a need to know basis

3. The information is required by any person with which the lender proposes to enter into any transfer, assignment, participation or other such agreements
4. If the information is required by other banks if the borrower has availed any facility from them or any credit information bureau.
5. Where the disclosure is made with the express or implied consent of the borrower.

7. Complaint and Grievance Redressal

Borrower Service is of utmost importance for Famy Finance, and the Company shall take all possible measures to maintain an effective Grievance Redressal Mechanism. The senior management of the Company will also periodically review the functioning of the grievance redressal mechanism. A consolidated report of such reviews will be submitted to the Board annually, as may be prescribed by.

The Company has put together a detailed structure to ensure that borrower complaints and grievances are addressed in a fair and quick manner, within a given framework of rules and regulations. The same can be referred in the Company's duly Board approved Grievance Redressal Mechanism Policy available in the office/ at Company's website.

8. Policy Review

The Compliance Officer and Grievance Redressal Officer shall review this policy annually or on a need-basis i.e., in the event of change in regulatory framework or for business or operational need (whichever is earlier) and shall recommend all necessary changes to the Board for consideration and adoption. Such updates / changes to the Policy will be communicated to the relevant staff /personnel (both in-house or outsourced) and relevant stakeholders across the Company.