



**FAIR PRACTICE CODE
OF
FINCFRIENDS PRIVATE LIMITED**

Version_6

**Approved by the Board of Directors of
Fincfriends Private Limited**

**on
30th June, 2025**

Sd/-

**Artem Andreev
Chief Executive Officer**

Version Control

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1. Introduction

As per Chapter VII, of the RBI Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023, dated October 19, 2023, as amended time to time, the Non-Banking Financial Company's ("NBFC") having customer interface shall adopt the guidelines on Fair Practices Code. Fincfriends Private Limited ("FF" or "the Company") is a NBFC registered with the Reserve Bank of India ("RBI") is presently engaged in the business of providing unsecured personal loans to its retail customers. In accordance with the applicable laws (hereinafter defined), the Company has framed and adopted this Fair Practices Code ("FPC" or "this Code") which sets the fair practice standards while dealing with its customers and provides assurance to all the borrowers of the Company's commitment to fair dealing and transparency in its business transactions.

2. 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.

3. Applicability

- The FPC shall apply to all the products and services offered by the Company through website, mobile applications or by any other means.
- The Code shall apply to all the employees, directors, agents, digital lending application providers, third party vendors, service providers and other persons authorised to represent the Company in its normal course of business.
- The Company's fair practices code shall apply across all aspects of its operations including marketing, loan origination, processing, servicing and collection activities.

4. Regulatory Context

This Code takes into account regulatory documents published by regulatory bodies (referred as 'Applicable Laws'), in particular: -

- 4.1** 'Fair Practice Code (Chapter VII)' under the Master Direction issued by Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023, as amended time to time and applicable to NBFC-ICC;
- 4.2** Reserve Bank of India (Digital Lending) Directions, 2025 issued by Reserve Bank of India vide notification RBI/2025-26/36 DOR.STR.REC.19/21.07.001/2025-26 dated May 8, 2025, as amended time to time;
- 4.3** Directions issued by RBI on Key Facts Statement (KFS) for Loans & Advances vide notification RBI/2024-25/18 DOR.STR.REC.13/13.03.00/2024-25 dated April 15, 2024

- 4.4 Notification issued by Reserve Bank of India on 'Fair Practices Code for Lenders – Charging of Interest' vide RBI/2024-25/30 DoS.CO.PPG.SEC.1/11.01.005/2024-25 dated April 29, 2024
- 4.5 The Reserve Bank – Integrated Ombudsman Scheme, 2021 dated November 12, 2021.

5. **Relevant Documents**

This Code shall be read along with the following policies of the Company as amended from time to time-

- Interest Rate and Charges Policy
- Grievance Redressal Policy
- Privacy Policy
- Credit Policy
- KYC & AML Policy
- Outsourcing Risk Management Framework

6. **Non-Discrimination Policy**

The Company will not discriminate between its customers on the basis of gender, physical ability, race or religion. The Company will also not discriminate visually impaired or physically challenged applicants on the ground of disability in extending products, services, facilities, etc. However, this does not preclude the Company from participating in credit-linked schemes framed for weaker sections of the society.

7. **Applications for loans and their processing**

- 7.1 The Company is in the business of digital lending and offers unsecured personal loans to its customers. The Company provide loans through Digital Lending Applications (“DLAs”) either owned by the Company or the third party. The Company shall ensure that such DLAs shall disclose the name of the Company to the borrower as lender and such DLA’s names are disclosed by the Company on its website.
- 7.2 The Company shall ensure that loan documents are available to the customers in the English and Hindi languages. Further, the Company shall provide loan terms and conditions in major vernacular languages on the website of the Company.
- 7.3 At the loan application stage, the Company shall provide all necessary information 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 an informed decisions can be taken by the borrowers.
- 7.4 The Company shall indicate on its website or on the loan documents, as the case may be, complete list of documents that are required to be submitted by the borrower for applying the loan from the Company.
- 7.5 The Company shall provide an acknowledgement for receipt of all loan applications through appropriate mode indicating the time frame within which the loan application will be disposed of. The applicant may also know the status of the loan application by calling at the customer care service of the Company.
- 7.6 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 such rejection on the digital platform.

8. **Loan Appraisal and Terms & Conditions**

- 8.1 All loan applications shall be evaluated by the Company on the predefined eligibility criteria for the financial products on the basis of the information and documents provided by the applicant. If required, the Company may verify all or any information/ document in a manner permissible by law. The Company shall obtain one-time consent of the applicant for verifying the information/ documents of the applicant.
- 8.2 The Company shall convey in writing to the borrower in the English and Hindi languages as understood by the borrower by means of Key Fact Statement (KFS), the amount of loan sanctioned along with the annualised

rate of interest, tenure, cooling off period, applicable fees, recovery mechanism and the grievance redressal mechanism. The Company shall also mention in bold the penalties charged for late repayment in the KFS. The KFS shall also include a computation sheet of annual percentage rate (APR), and the amortisation schedule of the loan over the loan tenor. The acceptance of these terms and conditions by the borrower shall be kept in records.

- 8.3** The KFS shall be provided with a unique proposal number and shall have a validity period (i.e. the period available to the borrower, after being provided the KFS, to agree to the terms of the loan). The Company shall be bound by the terms of the loan indicated in the KFS, if agreed to by the borrower during the validity period.
- 8.4** The Company shall provide a Cooling-Off Period to the customers wherein the customers may exit the loan if he/ she is not satisfied with the terms and conditions of the loan without incurring any penalty. Where the loan is closed during the cooling off period, the Company may charge processing fee and proportionate interest from the customers. Any waiver to such charges and interest during the cooling off period may be decided by the Company on case to case basis and depending upon the loan product offered to the customer. The cooling off period and the conditions for exiting the loan during the cooling off period shall be disclosed in loan terms and conditions and KFS. For term loan products, the cooling off period shall be three (3) calendar days commencing from the date of approval of the loan and in case of credit line products, the cooling off period shall be minimum 3 days and maximum fifty-one (51) calendar days from the date of approval.
- 8.5** The charges recovered from the customers by the Company, if any, on behalf of third-party service providers on actual basis shall also form part of the APR and shall be disclosed separately in KFS. In all cases wherever the RE is involved in recovering such charges, the receipts and related documents shall be provided to the borrower for each payment, within a reasonable time. The Company shall ensure that any fees, charges, etc. which are not mentioned in the KFS, cannot be charged by the Company to the borrower at any stage during the term of the loan, without explicit consent of the borrower.
- 8.6** After the execution of the loan documents, all the customers will be furnished a copy of all the loan documents through SMS or e-mail on the contact details provided by the customer or via mobile application. The Company shall ensure that digitally signed documents (on the letter head of the Company) viz., KFS, and the sanction letter with link of Privacy Policy shall be provided to the customers.

9. Policy for determining interest rate and charges including Penal Charges in Loan Accounts

- 9.1** The Board of Directors either directly or through Product Committee constituted by the Board, as the case may be, shall ensure that appropriate internal principles and procedures are laid down for determining interest rates, processing fees, penal charges and other charges keeping in view the Fair Practices Code about transparency in respect of terms and conditions of the loans. The Company shall formulate appropriate policy on interest rate, fees and penal charges and get it approved by the Board of Directors.
- 9.2** The Board of Directors, or the Product Committee under the authority of the Board, as the case may be, shall ensure that the Company adopts an interest rate and charges policy along with interest rate model taking into account relevant factors such as cost of funds, margin, risk premium and determine the rate of interest to be charged for loans and advances. The Committee shall also lay out appropriate internal principles and procedures in determining interest rates and processing and other charges.

10. Disbursal of loans including changes in Terms & Conditions

- 10.1** The disbursement of loan will be done only after the loan is approved and terms & condition of the loan is accepted by the borrower. The Company shall disburse the loan amount directly into borrower's bank account. The Company shall ensure that the flow of funds between the bank accounts of the borrower and the Company shall not be controlled either directly or indirectly by a third-party, including the LSP.

- 10.2** The Company shall ensure that all loan repayments is executed by the customer directly in the Company's bank account without any pass-through account/ pool account of any third party, including the accounts of LSP.
- 10.3** The Company shall give notice to the borrower of any change in the terms and conditions which are impacting the borrower including disbursement schedule, interest rates, service charges, prepayment charges, fees etc. Changes in Interest rates and charges shall be affected only prospectively and a suitable condition in this regard shall be incorporated in the loan terms and conditions.
- 10.4** Decision to recall/ accelerate payment or performance under the agreement shall be in consonance with the loan terms and conditions.

11. Privacy and Confidentiality

The Company shall treat the personal information of borrowers as private and confidential. The Company has adopted the Privacy Policy that provides all the relevant disclosures to the customer including but not limited to, type of data/ information required by the customers, the purpose for which the data/ information of the customer shall be used or shared with third parties, the period for which such data/ information shall be retained by the Company and the rights available to the customers in accordance with the applicable laws. The Privacy Policy shall be reviewed and approved by the Board and available on the website of the Company for reference.

12. Recovery Mechanism

- 12.1** The staff of the Company as well as the representatives of external agencies engaged by the Company for recovery of loans shall be properly trained to communicate appropriately with the customers with due 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.
- 12.2** 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.
- 12.3** All the staff members of the Company or third-party recovery agents shall follow the guidelines set out below in collection of dues:
- 12.3.1** 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, subject to prior information by the Company or its representatives/ agents.
- 12.3.2** Identity and authority to represent the Company shall be made known to the customer at the first instance.
- 12.3.3** Customer's privacy shall be respected.
- 12.3.4** Interaction with the customer shall be in a civil manner and the customer should not be called at odd hours i.e. before 8:00 a.m. and after 7:00 p.m.
- 12.3.5** Customer's request to avoid calls at a particular time or at a particular place shall be honoured, as far as possible.
- 12.3.6** Time and number of calls and contents of conversation shall be recorded.
- 12.3.7** All assistance should be given to resolve disputes or differences regarding dues in a mutually acceptable and in an orderly manner.
- 12.3.8** During visits to customer's place for dues collection, decency and decorum shall be maintained.
- 12.4** 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.

- 12.5** The Company shall ensure that prior intimation of the details of the recovery agent authorised to approach the borrower for recovery and any changes thereon is given to the borrower.
- 12.6** The collections and Recovery Mechanism adopted by the Company shall be based on the legal and acceptable practices and be disclosed to the customer as part of the loan application.

13. Responsibility of Board of Directors

- 13.1** The Board of Directors of the Company has established Product Committee for the structured review of the loan products & related charges and has also laid down the appropriate grievance redressal mechanism within the organization. The mechanism ensures that all disputes arising out of the decisions of lending institutions' functionaries are heard and disposed of at least at the next higher level.
- 13.2** The Board of Directors periodically reviews 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 shall be submitted to the Board on Half yearly basis.
- 13.3** All loan products and any modifications thereto, including interest rates, fees, charges, changes to loan tenure shall be subject to prior review and approval by the Product Committee constituted by the Board. The Product Committee shall be responsible for ensuring that:
- 13.3.1** Each product complies with applicable regulatory guidelines including the RBI's Fair Practices Code, Digital Lending Guidelines, and Key Fact Statement (KFS) requirements.
 - 13.3.2** Customer-centric design principles are followed, and necessary risk mitigation and grievance redressal measures are incorporated.
 - 13.3.3** Any new product or significant modification is documented with rationale and reviewed periodically.

14. Grievance Redressal Mechanism

- 14.1** The Company has in place Board approved Grievance Redressal Mechanism within the organisation which shall also deal with the issue relating to services provided by the Company's DLAs, Lending Service Providers or outsourced agency. The same is displayed on the website of the Company.
- 14.2** The Company shall prominently display the following details at its places where business is transacted:
- 14.2.1** Details of all of its digital lending products and its DLAs
 - 14.2.2** Details of LSP along with the activities for which they have been engaged for,
 - 14.2.3** Privacy policy
 - 14.2.4** Basic details of Grievance Redressal Officer ("GRO") of the Company who can be approached by the public or customers for resolution of complaints.
 - 14.2.5** Contact details of the nodal grievance redressal officers of DLA

15. Integrated Ombudsman Scheme for Non-Banking Financial Companies

- 15.1** The Company shall adhere to Reserve Bank – Integrated Ombudsman Scheme, 2021 (RBI – IOS), as amended time to time.
- 15.2** Under the RBI – IOS, the Company shall appoint the Principal Nodal Officer (PNO) and/ or 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.
- 15.3** For the benefit of the customers, at the places where business is transacted, the name and contact details (Telephone/Mobile number and email) of the PNO and NO along with the details of the complaint lodging portal of the Ombudsman (<https://cms.rbi.org.in>) shall be displayed.
- 15.4** The salient features of the Scheme are displayed prominently at the offices and website of the Company in such a manner that a person visiting the office has adequate information on the Scheme. A complaint can be filed through any of the following methods:
- Online - on CMS portal of RBI at <https://cms.rbi.org.in>.

- Physical complaint (letter/post) in the form as specified to “Centralised Receipt and Processing Centre, 4th Floor, Reserve Bank of India, Sector -17, Central Vista, Chandigarh - 160017”.
- Complaints with full details can be sent by email (crpc@rbi.org.in)

16. General

- 16.1** The Company shall not cause interference in the affairs of the borrowers except for the purposes 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).
- 16.2** 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.
- 16.3** The Company would ensure that the staffs are adequately trained to deal with the customers in an appropriate manner.
- 16.4** Currently, the Company only provides loans on fixed interest rates, thus, the regulatory mandate of not charging foreclosure charges/ prepayment penalties on floating rate term loans does not apply. Levy of foreclosure charges/ prepayment penalty shall be followed by Company subject to extant instructions.
- 16.5** The Company offers only unsecured personal loans to its retail customers hence, the provisions related to realising of property including movable and immovable property whether related to vehicle finance or not does not apply on the Company.
- 16.6** The Company only provides loans on fixed interest rates hence, provisions related to reset of floating interest rate on Equated Monthly Instalments (EMI) does not apply on the Company.
- 16.7** The Company does not lend against collateral of Gold Jewellery hence provisions related to it will not apply on the Company.
- 16.8** This code as approved by the Board has been documented in English language. For the information of customer and various stakeholders, the Company shall place this Code on Company’s website in other regional languages.

17. Review

This Code will supersede the earlier version of FPC followed by the Company. This Code shall be reviewed annually by the Board of Directors of the Company. 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 amendment and this Code shall be accordingly amended as and when required.

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