# SHREM INVESTMENTS PRIVATE LIMITED

# FAIR PRACTICE CODE

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| Approved By | Board of Directors |
| Effective Date | April 04, 2026 |
| Version | 2.0 |

# FAIR PRACTICE CODE

## 1. Preamble

This Fair Practices Code ("the Code") has been formulated by **Shrem Investments Private Limited** ("the Company") in accordance with the Master Directions issued by the Reserve Bank of India (RBI) and amended time to time. This Code aims to ensure transparency and fairness in all such financial transactions.

Considering the nature of the Company's business, the limited number of lending transactions, the absence of retail/public lending and the fact that lending is restricted to group entities, this Code has been framed in a manner proportionate to the scale and complexity of the Company's operations while retaining the principles of fairness, transparency and responsible conduct.

## 2. Objectives

The objectives of this Code are as follows:

- To ensure that lending decisions and processes are fair, transparent and properly documented.
- To ensure that borrower group entities are informed of the key terms and conditions governing credit facilities.
- To promote compliance with applicable RBI and statutory requirements.
- To provide an appropriate grievance redressal mechanism for matters relating to lending transactions.

## 3. Applicability

This Code shall apply to all credit facilities extended by the Company to its group entities, including unsecured term loans, inter-corporate loans and any other facility as may be approved by the Board of Directors or a duly authorised committee / official.

This Code shall be applicable to all directors, officers and employees involved in the appraisal, sanction, documentation, disbursement, monitoring and recovery of such facilities.

## 4. Loan Request and Processing

- All communications to the borrower(s) shall be in the English language and shall be in writing or through official corporate communicationas loan only given to group Company.

- The Company shall provide all necessary information regarding the terms and conditions of the loan, including interest rates and repayment schedules, to the borrowing group entity.

## 5. Credit Appraisal and Sanction

- **Sanction Letter:** The Company shall convey in writing to the borrower the amount of loan sanctioned along with the terms and conditions, including the annualized rate of interest and method of application thereof.
- All facilities shall be sanctioned by the Board of Directors or by such authority as may be delegated by the Board from time to time.
- **Acceptance:** A copy of the loan agreement/sanction letter, duly accepted by the authorized signatory of the group company, shall be kept on record

## 6. Communication of Sanction Terms

Upon sanction of a facility, the Company shall communicate the key terms and conditions to the borrower entity in writing by way of a sanction letter, loan agreement or such other written document as may be considered appropriate.

Such communication shall generally include, as applicable:

a) Amount sanctioned.
b) Nature and purpose of facility.
c) Tenor of the loan.
d) Rate of interest and the basis of charging the same.
e) Repayment schedule.
f) Default interest / penal charges, if applicable.
g) Material covenants and conditions precedent.
h) Documentation requirements and such other material terms as may be relevant.

Disbursement shall be made only after acceptance of the sanction terms by the borrower entity and execution of the requisite documentation to the satisfaction of the Company.

## 7. Disbursement of Loans including Changes in Terms

- **Notice of Change:** The Company shall give notice to the borrower of any change in the terms and conditions, including disbursement schedule, interest rates, service charges, and prepayment charges.

- **Effective Date:** Changes in interest rates and charges shall be effected only prospectively

## 8. Interest Rates and Charges

The Company shall maintain a Board-approved Interest Rate Policy laying down the broad principles business considerations and applicable regulatory requirements.

Given the current nature of the Company's lending book, facilities may be granted at fixed rates of interest. The applicable rate of interest, its annualised form where relevant, and any fees, charges, costs, penal charges or other amounts payable shall be appropriately disclosed in the sanction communication and / or loan documentation.

Any change in applicable charges or other material terms, where contractually permitted, shall be communicated to the borrower entity prospectively through an appropriate written communication.

## 9. Documentation, Disbursement and Monitoring

The Company may require execution of such loan documents, declarations, undertakings and supporting records as may be necessary for the specific transaction. Where considered appropriate, the Company may provide or annex a key fact statement or summary of principal terms for ease of reference, even though the lending is limited to group entities.

The borrower entity shall provide such information as may reasonably be required during the tenor of the facility.

## 10. Income Recognition & Asset Classification (IRACP)

The Company shall classify its loan assets and recognise income in accordance with the RBI Prudential Norms on Income Recognition, Asset Classification and Provisioning applicable to NBFCs, as amended from time to time. The classification categories shall be:

| Asset Category | Classification Criteria | Provisioning Norm |
|---|---|---|
| Standard Asset | Regular in repayment; no overdue > 90 days | As per RBI norms (currently 0.40%) |
| Sub-Standard Asset | Overdue > 90 days but <= 12 months | As per RBI norms (currently 10%) |
| Doubtful Asset | Overdue > 12 months (further classified D1, D2, D3) | 100% per RBI norms as unsecured |
| Loss Asset | Uncollectable / unrealisable; identified by Company/auditor | 100% provision |

## 11. Provisioning

The Company shall make adequate provisions against loan losses as required under RBI IRACP norms or ECL as per IND AS as whichever is high. Provisioning shall be reviewed and updated at each quarter end. The Statutory Auditor shall certify the adequacy of provisions at year end.

## 12. Related party

All inter-corporate term loans shall be sanctioned in compliance with Section 186 of the Companies Act, 2013. The Board shall confirm at each sanction that aggregate loans and investments are within the prescribed limits. The rate of interest on each loan shall not be lower than the prevailing yield on Government Securities of comparable maturity, as required under Section 186(7).

In case of related party transaction, prior approval of the Board of Directors and, where applicable, the Audit Committee shall be obtained under Section 188 of the Companies Act, 2013. Interested Directors shall declare their interest and abstain from voting. All such transactions shall be disclosed in the Board Report and financial statements.

**13. General Provisions**

- **Recovery Process:**

  The Company shall adopt lawful, fair and transparent practices for recovery of its dues. Recovery actions shall be carried out strictly in accordance with the financing documents, internal policy requirements and applicable law.

  The Company shall not resort to harassment, intimidation, coercion or any unfair recovery practice. The Company shall also avoid undue interference in the affairs of the borrower entity except as may be provided in the agreed terms of the facility or as may be necessary for protection of its legitimate interests or compliance with law.

- **Non-Discrimination:** The Company shall not discriminate on grounds of gender, caste, or religion in its lending activities.

- **Privacy:** The Company shall treat all information of the group companies as confidential, except where disclosure is required by law or regulatory authorities (RBI)

**14. Closure of Loan / Release of Documents**

Upon repayment of all dues by the borrower entity and fulfilment of all obligations under the financing documents, the Company shall, subject to any lawful right of set-off, release or return such original documents or other records, if any, as are required to be released in accordance with the terms of the transaction.

**15. Grievance Redressal Mechanism**

Any grievance relating to lending activities under this Code may be addressed to the following Grievance Redressal Officer:
Any grievance relating to lending activities may be addressed to:

**Grievance Redressal Officer**
Name: Shyam Malani
Email: smalani@shrem.in
Contact Number: 9619888312
Registered Office: 1101, Viraj Towers, W.E. Highway, Andheri (E), Mumbai – 400 093

The Company shall endeavor to resolve complaints within a reasonable period.

If a complaint remains unresolved, the complainant may approach the Reserve Bank of India under the Integrated Ombudsman Scheme, to the extent applicable.

## 16. Review of the Code Policy

This Code shall be reviewed periodically and at least once in each financial year, or earlier if required on account of regulatory changes, business needs or governance considerations. Any modification to this Code shall be placed before the Board of Directors for approval.

## 17. Disclosure and Board Approval

Adopted by the board of directors of Shrem Investments Private Limited on April 04, 2026.

**For Shrem Investments Private Limited**

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**Nitan Chhatwal**
**Director**
**DIN: 0011557**