

FAIR PRACTICES CODE (FPC)

1. INTRODUCTION

The Reserve Bank vide its Master Circular No. RBI/2015-16/16 dated July 1, 2015, issued guidelines on Fair Practices Code (FPC) for all NBFCs, covering inter alia, the general principles on adequate disclosures on the terms and conditions of a loan and adopting non-coercive recovery method. Based on these guidelines, Shriram City Union Finance Limited (“the Company”) formulated this Policy known as “**Fair Practices Code (FPC)**”.

It is, and shall be, the policy of the Company to make loan products available to all qualified applicants without discrimination on the basis of race, caste, colour, religion, sex, marital status or handicap. All customers shall be treated consistently and fairly. Employees will offer assistance, encouragement and service in a fair, equitable and consistent manner.

The FPC shall apply across all aspects of operations of the Company including marketing, Loan origination, Processing, Servicing, Collection activities.

This FPC applies to all categories of products and services offered by the Company.

2. APPLICATIONS FOR LOAN AND THEIR PROCESSING

- a) Loan application forms will include necessary information, which affects the interest of the borrower.
- b) The company will issue acknowledgement for receipt of all loan applications by mentioning the time line for disposal of application.
- c) Loan Application form will require the prospective customer/customer to state the information for KYC norms and information for legal, regulatory and statutory requirements.

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3. LOAN APPRAISAL AND SANCTION

- a) The company will convey in writing in vernacular language or in a language as understood by the borrower by means of sanction letter and keep the acceptance of these terms and conditions by the borrower on its record.
- b) The overdue Interest chargeable for late payment shall be mentioned in bold letters in the loan agreement.
- c) The Company shall furnish to the borrower a copy of the loan agreement.
- d) The Rate of Interest shall be Annualised Interest Rate.

4. Gradation of Risks and Interest Rate Policy

We have a comprehensive approach to the gradation of risk taking into consideration the profile of the borrower, the demography, the financial risk, the business risk and other parameters such as the external rating of the borrower, the repayment capacity based on the cash flows, the past repayment track record, nature and value of the collateral security provided for the loan, loan to value (LTV) of the asset financed, loan tenure, mode of repayment, future business potential with the borrower, offering by the competition, industry trends, cost of the borrowed funds for the company and the inherent credit risk in the product. The multiple parameters stated above determine the gradation of risk for each of the products and the rate of interest and charges applicable for a loan would vary taking into consideration any or all the above risk parameters and also factoring the cost of funds, risk premium, margin etc., Consequently, the rates of interest for the same product and tenor availed during the same period by different customers need not be standardized by the Company and could be different for different customers taking into consideration the market information, field report, verification report and the information provided by the borrower.

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5. LOAN DISBURSEMENT AND CHANGES IN TERMS AND CONDITIONS

- a) The company will give notice in vernacular language or in a language as understood by the borrower of any change in the terms and conditions including disbursement schedule, interest rates, service charges, prepayment charges etc. Such changes in the terms and conditions shall be effected prospectively.
- b) Decision to recall / accelerate payment or performance will be in consonance with the loan agreement.

6. LOAN AGAINST COLLATERAL OF GOLD JEWELLERY:

- a) Declaration on ownership of jewels shall be obtained from the Borrower.
- b) Proper assessment procedure for Jewellery received shall be followed.
- c) Adequate system for storing in safe custody of the Jewellery received shall be made and Loan against Gold Jewellery as the collateral shall be extended by Branches of the Company having appropriate facility for storage of Gold Jewellery.
- d) The auction procedure shall be transparent and prior notice shall be issued to the borrower and advertised in two newspapers – one in vernacular and the other in national daily newspaper.

7. RECOVERY AND TRANSFER OF LOAN

- a) In the matter of recovery of loans, the company will not resort to undue harassment.
- b) In case of receipt of request from the borrower for transfer of borrowal account, the consent or objection of the company, will 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.

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8. SETTLEMENT OF LOAN

The company will 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 the company may have against borrower.

9. CONFIDENTIALITY AND GENERAL

- a) Unless authorized by the customer, the Company will treat all personal information as private and confidential.
- b) Unless authorized by the customer, the Company will not reveal transaction details to any other entity except the followings:
 - i. Under statutory or regulatory laws
 - ii. Under duty to the public to reveal this information
 - iii. In the interest of the Company to Banks / Financial Institutions / Group and Associate Companies of the Company.
- c) The Company will refrain from interference in the affairs of the borrower except for the purposes provided in the terms and conditions of the loan agreement.
- d) The Company shall ensure that the staff are adequately trained to deal with the customers in an appropriate manner.

10. COMPLAINTS, FEEDBACK AND SUGGESTION

In case of any complaint/grievance, the applicant/borrowers will have to inform in writing to the concerned branch of the Company from where he/she availed the loan. The Branch Officials of the Company shall immediately take up the matter for redressal.

The Customers are requested to provide feedback, suggestion on the services of the Company to the Principal Nodal Officer.

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11. GRIEVANCE REDRESSAL MECHANISM

- a) All disputes arising out of the decisions of branches in relation to the products and services shall be heard and disposed of at least at the next higher level as mentioned below.
- b) The disposal shall be by way of a letter addressed to the customer by Registered Post/Speed Post/email in the address as per latest record of the Company.
- c) All complaints received at any office of the Company except branches shall be referred to the Grievance Redressal Officer who in turn, shall send it to the respective branch for a report thereon. Branches shall respond to and resolve the complaint and record the same in the system.
- d) The Principal Nodal Officer shall appraise the Board of Directors/Audit Committee on quarterly basis with the status of complaints.

The resolution of the grievances shall be monitored by the Principal Nodal Officer as mentioned below.

Sri. PL. Arunachalam
Senior Vice President & Principal Nodal Officer
Shriram City Union Finance Limited
144, Santhome High Road
Mylapore, Chennai-600004
Email: grievance@shriramcity.in

(OR)

such other person as may be decided by the Board of Directors of the Company.

12. IMPLEMENTATION, EFFECT AND REVIEW

- a) All steps shall be taken by the Principal Nodal Officer to implement this FPC at all the offices of the Company.
- b) The Company shall periodically review the FPC, compliance of FPC and the functioning of the Grievance redressal mechanism.

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- c) The FPC with a statement about commitment to transparency and fair lending practices shall be displayed in vernacular language as understood by the Borrower in the offices, Branches and the website of the Company.