

**SHRIRAM FINANCE LIMITED** (FORMERLY KNOWN AS SHRIRAM TRANSPORT FINANCE COMPANY LIMITED).

**Code of conduct for collections/taking possession of Asset**

**Version: 2022v.1**

**PREAMBLE:**

Shriram Finance Limited (Formerly known as Shriram Transport Finance Company Limited) ("SFL") is engaged inter alia in the business of providing loans for Commercial vehicle segment or similar asset classes (pre-owned and new commercial and passenger vehicles, tractors, 3 wheelers, 2 wheelers, multi-utility vehicles, etc.), loans against pledge of jewels, loan against property and ancillary services (finance for working capital, engine replacement, small business finance loans and tyre-loans as holistic financing support).

SFL, has been appointing and engaging services of agents for collection of dues from its borrowers or taking possession of asset.

**Objective:**

The Code of conduct for collections of the company is built around dignity and respect to customers. Company will not follow policies that are undue coercive in collection of dues. The policy is built on courtesy, fair treatment and persuasion. The Company believes in following fair practices code with regards to collection of dues and taking possession of Asset and thereby fostering customer confidence and long-term relationship. The objective of this Code of Conduct (hereinafter referred to as "the Code") is to provide the agents with a clear understanding of the standards of conduct expected while collecting dues or taking possession of asset for SFL and that their conduct shall be governed by the Code. The Code is a framework that is based on the various directions issued by the RBI.

The repayment schedule for any loan sanctioned by the company will be fixed taking into account repayment capacity and cash flow pattern of the borrower. The company will explain to the potential borrower upfront the method of calculation of interest and the Equated Monthly Instalments (EMI). The company would expect the borrowers to adhere to the repayment schedule agreed to and approach the company for assistance and guidance in case of genuine difficulty in meeting repayment obligations.

The Company's objective of taking possession of the Security aims at recovery of dues in the events of default and is not aimed at whimsical deprivation of the Asset. The policy recognizes fairness and transparency in taking possession, valuation and realization of security. All the practices adopted by the company for follow-up and recovery of dues and taking possession of security will be in consonance with the law.

### **General Guidelines**

All the members of the staff or any person authorized to represent the company in collection and / or taking possession of the Asset would follow the guidelines set out below :

- The customer would be contacted ordinarily at the place of his /her choice and in the absence of any specified place, at the place of his/her place of business/occupation and if unavailable at his/her place of residence.
- Identity and authority of persons authorized to represent the company for follow-up and recovery of dues would be made known to the borrowers at the first instance. The company's staff or any person authorized to represent the company in collection of dues or/and security repossession will identify himself /herself and display the authority letter issued by the company upon request.
- The company would respect privacy of the borrowers.
- The company is committed to ensure that all written and verbal communication with its borrowers will be in simple business language as

understood by the borrower and company will adopt civil manner for interaction with borrowers.

- Normally the company's representative will contact the borrower between 07:00 hrs and 19:00 hrs, unless the special circumstance of his/her business or occupation requires the company to contact at a different time. Such contact should be made over phone/mobile/ or in person.
- Borrower's request to avoid calls at a particular time or at a particular place would be honoured as far as possible.
- The company will document all the efforts made for the recovery of dues and the copies of communication sent to the customers if any, will be kept on record.
- All assistance will be given to resolve disputes or differences regarding dues in a mutually acceptable and in an orderly manner.
- Inappropriate occasion such as bereavement in the family or such other calamitous occasions will be avoided for making calls /visits to collect dues.
- The company will also adhere to the extant regulatory guidelines on Fair Practices Code for Lenders.

### **Giving notice to borrowers**

While written communication, telephonic reminders, communication over mobile or visits by the company's representatives to the borrowers' place of choice or residence will be used as loan follow-up measures, the company will not initiate any legal or other recovery measures including taking possession of the security without giving due notice in writing. Company will follow all such procedures as required under law for recovery /taking possession of security.

### **Taking Possession of Security**

Taking possession of security is aimed at recovery of dues and not to deprive the borrower of the Asset. The recovery process through taking possession of security will also involve valuation of security and realization of security through appropriate means. All these would be carried out in a fair and transparent manner. Taking possession will be done only after issuing the notice as detailed above. Due process of law will be followed while taking possession of the asset. The company will take all reasonable care for ensuring the safety and security of the asset after taking custody, in the ordinary course of the business.

### **Valuation and Sale of Assets**

Valuation and sale of Assets taken on possession by the company will be carried out as per law and in a fair and transparent manner. The company will have right to recover from the borrower the balance due if any, including the expenses incurred in taking possession of the asset and ensuring its safety and security, before sale of asset. Excess amount if any, obtained on sale of asset will be returned to the borrower after meeting all the related expenses, provided the company is not having any other claims against the customer.

### **Opportunity for the borrower to take back the Asset**

The company will resort to taking possession of the Asset only for the purpose of realization of its dues and not with intention of depriving the borrower of the asset. Accordingly, the company will be willing to consider handing over possession of Asset to the borrower any time after taking possession and before concluding sale transaction of the asset, provided the company's dues are cleared in full. If satisfied with the genuineness of the borrower's inability to pay the loan instalments as per the schedule which resulted in the taking possession of security, the company may consider handing over the security after receiving the instalments in arrears. However, this would be subject to the company being convinced of the arrangements made by the borrower to ensure timely repayment of remaining instalments in future. In case the borrower again defaults in making repayment the company will not hand over the possession.

**Engagement of recovery agent :**

The Company may utilize the services of recovery agents for collection of dues and taking possession of securities. Recovery agents will be appointed as per regulatory guidelines issued in this regard. In this respect:

- a) In case the Company engages service of such recovery/enforcement/seizure agent for any recovery case, the identity of the agent will be disclosed to the borrower.
- b) The recovery agents engaged by the Company will be required to follow a code of conduct covering their dealings with borrowers as mentioned in Annexure I.

The Code of conduct for Collection of Dues and taking possession of Security as enumerated above is made available on the Company's website ([www.shriram.com](http://www.shriram.com)) for the convenience of borrowers.

Annexure I:

**Declaration-cum-Undertaking**

(to be obtained from Collection Staff / Collecting Agents attached to the Collecting Agencies/Agents taking possession of Asset)

To,

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Dear \_\_\_\_\_ Sir,

Re: Code of Conduct for Collection Staff / Collecting Agents attached to the Collecting Agencies/Agents taking possession of Asset

I, Mr./Ms. \_\_\_\_\_ working with \_\_\_\_\_ as \_\_\_\_\_.

My job profile includes collection of dues and/or taking possession of security from the borrowers of Shriram Finance Limited (SFL). In discharge of my duties, I am obligated to follow the SFL's Code of Conduct for Collection Staff/Agents.

I confirm that I have read and understood the SFL's Code of Conduct for Collection Staff/Agents and I agree to abide by the same. In case of any violation / non-adherence, you may initiate such action against me as you may deem appropriate.

(Signature)

Full Name :

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Address :

Date: \_\_\_\_\_, 20\_\_

Annexure II:

Letter to recovery agent/agent for taking possession

Branch \_\_\_\_\_

Date : \_\_\_\_\_

To,

Dear Sir/Madam,

Sub : Vehicle bearing registration No. \_\_\_\_\_

This is to inform you that we have authorised you Mr./Ms./Mrs./M/s. \_\_\_\_\_ to take possession of the above vehicle due to non-receipt of loan instalments.

After taking the possession of the vehicle, the Vehicle will be parked in your godown and will not be released without our instructions.

The necessary charges will be paid to you on receipt of your bill.

Please keep the vehicle in proper care and safe custody.

Thanking you,

Truly yours,

For Shriram Finance Limited

Authorised Signatory