



**SHRIRAM FINANCE LIMITED**  
**(Formerly known as Shriram Transport Finance Company Limited)**

**FAIR PRACTICES CODE**

**Version: 1.2(2023)**

**INTRODUCTION**

The Reserve Bank of India (RBI) had issued the guidelines on Fair Practices Code for Non-Banking Finance Companies (NBFCs) in Master Direction DNBR. PD. 008/03.10.119/2016-17 (as and when amended) which sets the fair practices standards when dealing with individual customers and to serve as a part of best corporate practice. Based on this, Shriram Finance Limited (Formerly known as Shriram Transport Finance Company 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 the customers will be treated consistently and fairly. The employees of the Company will offer assistance, encouragement and service in a fair, equitable and consistent manner.

The Company shall also communicate the FPC to its customers by placing it on the Company's website at <https://www.shriramfinance.in>

The Company shall ensure that charges/fees are appropriately informed to the customer. Terms and conditions pertaining to the facility will be conveyed to the prospective customers. The Company commits that disputes arising out of the lending decisions will be appropriately resolved by the Company's Grievance Redressal Mechanism.

The Company's Fair lending practices shall apply across all aspects of its operations including marketing, loan origination, processing, servicing and collection activities. The Company's commitment to FPC would be demonstrated in terms of employee accountability, monitoring and auditing programs, training and technology.

The Company's Board of Directors and the Management Team is responsible for establishing practices designed to ensure that the operations of the Company reflect strong commitment to fair lending and that all employees are aware of that commitment. The Company is committed to providing service of the highest quality to its clients. FPC based on the RBI directions shall be put in place by the Company with the approval of the Board.

This FPC applies to all the categories of products and services offered by the Company (currently offered or which may be introduced at a future date).

The FPC is applicable to the above, irrespective of whether the same is provided at the Branch, over the phone, on the Internet or by any other method the Company may be currently using or may introduce at a future date.

The Company shall have a robust grievance redressal mechanism and the resolution of complaints shall not be compromised on account of outsourcing of any services.

## **KEY COMMITMENTS**

### **1) Applications for loans and their processing**

(a) Loan application forms will include necessary information, which affects the interest of the borrower, so that a meaningful comparison with the terms and conditions offered by other NBFCs can be made and informed decision can be taken by the borrower. The loan application form will indicate the documents required to be submitted with the application form. The loan application form and the sanction letter issued to the customer shall disclose the approach for gradation of risks and rationale for charging different rates of interest to different categories of borrowers and the same shall also be made available on the web-site of the Company or published in the relevant newspapers. The information shall be updated whenever there is a change in the rates of interest.

(b) The Company will devise a system of giving acknowledgement for receipt of all loan applications. Preferably, the time frame within which loan applications will be disposed of, will also be indicated in the acknowledgement.

(c) Loan Application form will clearly state the information that the Company requires to collect from the customer to fulfill the KYC norms including CKYC requirement and to comply with legal and regulatory requirements. The Company may request for additional information about the customer and his / her family to build a database; but this information is to be furnished by the customer only if she / he wishes to do so.

(d) All communications to the borrower shall be in the vernacular language or a language as understood by the borrower.

### **2) Loan appraisal and terms/conditions**

The Company will convey in writing to the borrower by means of sanction letter or otherwise, the amount of loan sanctioned along with the terms and conditions including annualized rate of interest and method of application thereof and keep the acceptance of these terms and conditions by the borrower on its record. The annualized rate of interest is communicated to the borrower so that the borrower is aware of the exact rates that would be charged to the account.

The Company shall mention the penal interest charged for late repayment in bold in the loan agreement. The loan sanction letter and all communications to the borrower shall be in the vernacular language or a language understood by the borrower.

The Company shall furnish copy of the loan agreement signed by the borrower at the time of sanction or disbursement of loan. The loan agreement shall be in a language as understood by the borrower and shall include a copy each of all enclosures quoted in the loan agreement, which form part of such contracts/loan agreements.

### **3) Disbursement of loans including changes in terms and conditions**

(a) The Company will give notice to the borrower in the vernacular language or 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. The Company will also ensure that changes in interest rates and charges are effected only prospectively. A suitable condition in this regard will be incorporated in the loan agreement.

(b) Decision to recall / accelerate payment or performance under the agreement will be in consonance with the loan agreement.

#### **4) Confidentiality**

(a) Unless authorized by the borrower, the Company will treat all personal information as private and confidential.

(b) Unless authorized by the borrower, the Company will not reveal transaction details to any other entity including other than the following exceptional cases:

- If the Company has to provide the information by legal, statutory or regulatory laws
- If there is a duty to the public to reveal this information
- If the Company's interest requires to provide this information (e.g., fraud prevention) to Banks / Financial institutions / Group / Associate Companies
- The Company will not use this reason for giving information about borrowers to anyone else for marketing purpose.

#### **5) General**

(a) 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 (unless new information, not earlier disclosed by the borrower, has come to the notice of the lender).

(b) 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, 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.

(c) In the matter of recovery of loans, the Company will not resort to undue harassment viz. persistently bothering the borrowers at odd hours, use of muscle power for recovery of loans, etc. The Company shall ensure that the staff are adequately trained to deal with the borrowers in an appropriate manner.

(d) 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).

**(e) Lending against collateral of gold jewellery**

While lending to individuals against gold jewellery, the Company shall adopt the following in addition to the general directions as above.

(i) The Company shall put in place Board approved policy for lending against gold that shall inter alia, cover the following:

- (a) Adequate steps to ensure that the KYC guidelines are complied with and to ensure that adequate due diligence is carried out on the customer before extending any loan,
- (b) Proper assaying procedure for the jewellery received,
- (c) Internal systems to satisfy ownership of the gold jewellery,
- (d) Adequate systems for storing the jewellery in safe custody, reviewing the systems on an on-going basis, training the concerned staff and periodic inspection by internal auditors to ensure that the procedures are strictly adhered to. Normally, such loans shall not be extended by branches that do not have appropriate facility for storage of the jewellery,
- (e) The jewellery accepted as collateral shall be appropriately insured,
- (f) Transparent auction procedure in case of non-repayment with adequate prior notice to the borrower. There shall be no conflict of interest and the auction process must ensure that there is arm's length relationship in all transactions during the auction including with group companies and related entities,
- (g) The auction shall be announced to the public by issue of advertisements in at least two newspapers, one in vernacular and another in national daily newspaper,
- (h) The Company shall not participate in the auctions held,
- (i) Gold pledged shall be auctioned only through auctioneers approved by the Board,
- (j) The policy for lending against gold shall also cover systems and procedures to be put in place for dealing with fraud including separation of duties of mobilization, execution and approval.

(ii) The loan agreement shall also disclose details regarding auction procedure.

(iii) Other conditions:

- (a) A copy of the PAN Card of the borrower for all transaction above ₹5 lakh is mandatory.
- (b) Documentation across all branches must be standardized.
- (c) The Company shall not issue misleading advertisements like claiming the availability of loans in a matter of 2-3 minutes.

## **6) Responsibility of Board of Directors**

(a) The Board of Directors of the Company shall lay down the appropriate grievance redressal mechanism within the organization. Such a mechanism shall ensure that all disputes arising out of the decisions of Company's functionaries are heard and disposed of at least at the next higher level.

(b) The Board of Directors shall also provide for periodical review of the compliance of the FPC and the functioning of the grievances redressal mechanism at various levels of management. A consolidated report of such reviews shall be submitted to the Board at regular intervals, as may be prescribed by it.

## **7) The Reserve Bank -Integrated Ombudsman Scheme 2021**

Appointment of the Nodal Officer/ Principal Nodal Officer under The Reserve Bank -Integrated Ombudsman Scheme 2021 – dated November 12, 2021:

The Company has appointed a Principal Nodal Officer who shall be responsible for representing the Company and furnishing information on behalf of the Company in respect of complaints filed against the Company. The Company has appointed other Nodal Officers to assist the Principal Nodal Officer for operational efficiency.

The Company shall display prominently for the benefit of its customers at branches/places where the business is transacted, the name and contact details (Telephone / mobile number and E-mail ID) of the Principal Nodal Officer along with the details of the complaint lodging portal of the Ombudsman (<https://cms.rbi.org.in>). The salient features of the Scheme will be displayed prominently in English, Hindi and the regional language in all its offices, branches and places where the business is transacted in such a manner that a person visiting the office or branch has adequate information on the Scheme. The Company shall ensure that a copy of the Scheme is available in all its branches to be provided to the customer for reference upon request.

The salient features of the Scheme along with the copy of the Scheme and the contact details of the Principal Nodal Officer shall be displayed and updated on the website of the Company.

## **8) Regulation of excessive interest charged**

The Board of Directors of the Company shall adopt an interest rate model taking into account relevant factors such as cost of funds, margin and risk premium and determine the rate of interest to be charged for loans and advances. The rate of interest and the approach for gradations of risk and rationale for charging different rate of interest to different categories of borrowers shall be disclosed to the borrower or customer in the application form and communicated explicitly in the sanction letter. Board of Directors of Company shall lay out appropriate internal principles and procedures in determining interest rates and processing and other charges.

### **9) Repossession of vehicles financed by Company**

The Company has included re-possession clause in the contract/ loan agreement with the borrower which must be legally enforceable. To ensure transparency, the terms and conditions of the contract/loan agreement shall also contain provisions regarding:

- i. Notice period before taking possession;
- ii. Circumstances under which the notice period can be waived;
- iii. The procedure for taking possession of the security;
- iv. A provision regarding final chance to be given to the borrower for repayment of loan before the sale / auction of the property;
- v. The procedure for giving repossession to the borrower; and
- vi. The procedure for sale / auction of the property.

A copy of such terms and conditions shall be made available to the borrower.

The Company will release all securities on repayment of all dues or on realization of the outstanding amount of loan subject to any legitimate right or lien for any other claim the Company may have against borrower. If such right of set off is to be exercised, the borrower will be given notice about the same with full particulars about the remaining claims and the conditions under which company is entitled to retain the securities till the relevant claim is settled/paid.

**10)** The Company shall clearly specify the exact due dates for repayment of a loan, frequency of repayment, breakup between principal and interest, examples of SMA/NPA classification dates, etc. in the loan agreement and the borrower shall be apprised of the same at the time of loan sanction and also at the time of subsequent changes, if any, to the sanction terms/loan agreement till full repayment of the loan. In cases of loan facilities with moratorium, the exact date of commencement of repayment shall also be specified in the loan agreements.

### **11) Consumer Education**

The Company shall place consumer education literature on its websites, explaining with examples, the concepts of date of overdue, SMA and NPA classification and upgradation, with specific reference to day-end process with a view to increasing awareness among the borrowers. The Company shall also display such consumer education literature in its branches by means of posters and/or other appropriate media. Further, the Company shall also ensure that its front-line officers educate borrowers about all these concepts, with respect to loans availed by them, at the time of sanction/disbursal/renewal of loans.

### **12) Further Assistance**

#### **Complaints**

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

#### **Grievances Redressal Mechanism**

All disputes in relation to the products and services shall be heard and disposed off within 30 days from the date of receipt of the complete details in respect of the grievance.

The following 'Grievances Redressal Mechanism' is put in place.

Decision Level	Redressal Level
Branch Level	Zonal Office Level
Zonal Office Level	Grievance Redressal Officer
Internal Ombudsman	

#### Grievance Redressal – Contact Details

In case of grievances, the customer may contact the Grievance Redressal Officer in any of the following ways:

Name of Grievance Redressal Officer : Mr B Gurumurthi

Email : [grievance@shriramfinance.in](mailto:grievance@shriramfinance.in)

Email for Grievance Redressal of Digital Transactions: [support@shriramfinance.in](mailto:support@shriramfinance.in)

The customer may send a written communication to office of the Company at the following address:

#### Grievance Redressal Officer

Shriram Finance Limited

144, Santhome High Road, Chennai-600004

Tamil Nadu, India.

Phone: 044-24642733

The Company shall be responding to the complaints within a maximum period of 30 days from the date of receipt of the complaint. If the customer has not received any response within 30 days or if the customer is not satisfied with the response, then he/she may raise a complaint with the Reserve Bank of India either through RBI CMS Portal or RBI Contact Centre as given below:-

RBI CMS Portal:	<a href="https://cms.rbi.org.in">https://cms.rbi.org.in</a>
RBI Contact Centre Phone Number	14448
RBI Postal Address:	Reserve Bank of India Centralised Receipt and Processing Centre, 4th Floor, Sector 17, Chandigarh – 160017

#### Internal Ombudsman (IO)

The Company shall appoint internal ombudsman (IO) in pursuant to the RBI Circular on **Appointment of Internal Ombudsman (IO) by Non-Banking Financial Companies dated November 15, 2021**. The **Internal Ombudsman (IO)** shall be an in-house independent person dealing with all customer grievances that have been rejected by the Company, except those explicitly out of IO's purview. .

The Role and responsibilities of the IO are mentioned below:

1. The IO shall deal only with the complaints that have already been examined by the company but have been partly or wholly rejected.
2. The IO shall not handle complaints received directly from the customers or members of the public.
3. The following types of complaints shall not be handled by the IO:
  - a. Complaints related to frauds, misappropriation etc., except those resulting from deficiency in service, if any, on the part of the Company.
  - b. Complaints/references relating to (i) internal administration, (ii) human resources, (iii) pay and emoluments of staff.
  - c. References in the nature of suggestions and commercial decisions of the Company.
  - d. Complaints which have been decided by or are already pending in other forum such as Consumer Disputes Redressal Commission, courts, etc.
4. The IO shall examine the complaints based on records available with the Company, including any documents submitted by the complainant, and comments/clarifications furnished by the Company to the specific queries of the IO. The IO may seek additional information from the complainant through the Company.
5. The IO may hold meetings with the concerned functionaries/departments of the Company and seek any record/document available with the Company that is necessary for examining the complaint/decision.

The Company shall follow the Grievance Redressal Mechanism and escalate all “wholly or partly rejected complaints” to IO within 21 days from the date of receipt of the complaint.

In case the IO upholds the decision of the Company to reject/partly reject the complaint, the reply to the customer should explicitly state the fact that the complaint has been examined by the IO and, for the reasons stated in the reply, the decision of the Company has been upheld.

In case the IO overrules the decision of the Company to reject/partly reject the complaint, the decision of the IO shall be binding on the Company, except in cases where the Company has obtained the approval from the Executive Director/ Managing Director/ Chief Executive Officer as may be applicable, for disagreeing with the IO’s decision.

In such cases, the reply to the complainant shall explicitly state the fact that the complaint was examined by the IO and the decision of the Company was overruled by the IO in favour of the complainant; however, the Company, with the approval of the Executive Director/ Managing Director/ Chief Executive Officer, has disagreed with the decision of the IO. All such cases shall be subsequently reviewed on a quarterly basis by the Board of Directors of the Company.

In case of complaints that are fully or partly rejected even after examination by the IO, the Company shall necessarily advise to the complainant as part of the reply that he/she can approach the RBI Ombudsman for redressal (if the complaint falls under the RBI Ombudsman mechanism) along with complete details. The advice should include the link to Reserve Bank’s portal ([cms.rbi.org.in](http://cms.rbi.org.in)) for online filing of customer complaints.



If the complaint is not resolved within 30 days or the customer is not satisfied with the Company's reply or customer has not received reply from the Company, the complaint can be lodged either online through portal <https://cms.rbi.org.in> or through electronic or physical mode (duly signed) to Centralised Receipt and Processing Centre at below address under RBI - Integrated Ombudsman scheme 2021:

**Centralised Receipt and Processing Centre,**

Reserve Bank of India,  
4th Floor, Sector 17,  
Chandigarh – 160017

The final decision shall be conveyed to the complainant within 30 days from the date of receipt of the complaint by the Company.

The Company shall display the above information prominently, for the benefit of its customers, at the branches / places where business is transacted.

A consolidated report of periodical review of compliance of FPC and functioning of the grievances redressal mechanism at various levels of management may be submitted to the Board/Committee of Directors at regular intervals as may be prescribed by it.

**Redressal of Grievances relating to Digital Lending**

In respect of customer complaints relating to Digital Lending, the Company shall ensure that the Lending Service Providers (LSP) engaged by the Company shall have suitable nodal grievance redressal officer to deal with fintech/ digital lending related complaints/issues raised by the borrowers. Such grievance redressal officer shall also deal with complaints against their respective DLAs. Contact details of grievance redressal officers shall be prominently displayed on the websites of the Company, its LSPs and on DLAs and also in the Key Fact Statement (KFS) provided to the borrower. Further, the facility of lodging complaint shall also be made available on the DLA and on the website as stated above. It is reiterated that responsibility of grievance redressal shall continue to remain with the Company.

**13) Feedback and Suggestions**

The customers are requested to provide feedback and suggestions on the services of the Company to help in improving the services offered.

**14) Monitoring**

The Company has appointed a Grievance Redressal Officer to ensure compliance of the Code.

The Company's internal auditing procedures ensure compliance with the Code.

A review of the compliance of the FPC including the grievances redressal mechanism would be done by the Management regularly and a consolidated report will be submitted to the Board of Directors periodically.