

SHINE STAR BUILD-CAP PRIVATE LIMITED

FAIR PRACTICE CODE

10th April 2024

INTRODUCTION

Shine Star Build-Cap Private Limited, a Non-Banking Finance Non-Deposit Taking Company registered with “Reserve Bank of India (“RBI”) is presently in the business of providing different types of loans which includes Loan against Shares, Loan against Property, Loan against Book Debts , Revolving loan facility , , Personal Loans etc., to its various customers. Such credit facilities are extended to different types of customers, which include Individuals, Partnership Firms, Companies and other Legal entities.

Shine Star Build-Cap Private Limited (“the Company”) put in place the Fair Practice Code (FPC) as per the RBI directives and it has been duly approved by the Board of Directors. The Fair Practice Code sets out the principles for fair practices/ standards while dealing with its customers.

The Company has adopted this Fair Practices Code (“the Code”) and have implemented it. The Code applies to the all categories of products and services offered by the Company (currently offered and which may be introduced in future).

1. APPLICATIONS FOR LOANS AND THEIR PROCESSING

- (a) All communications to the borrower will be in the vernacular language or a language as understood by the borrower.
- (b) Loan application forms 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 indicates the documents required to be submitted with the application form.
- (c) The Company will give acknowledgement for receipt of all loan applications. Preferably, the time frame within which loan applications will be disposed of also be indicated in the acknowledgement.

2. LOAN APPRAISAL AND TERMS/CONDITIONS

The Company will convey in writing to the borrower in the vernacular language as understood by 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 keeps the acceptance of these terms and conditions by the borrower on its record. Company will mention the penal interest charged for late repayment in bold in the loan agreement.

Company will furnish a copy of the loan agreement preferably in the vernacular language as understood by the borrower along with a copy each of all enclosures quoted in the loan agreement to all the borrowers at the time of sanction / disbursement of loans.

3. Credit facility pricing model

Interest rates will be intimated to the customers at the time of sanction of the loan and the interest and principal repayment schedule will be made available to the customer. Interest shall be charged only on the outstanding principal and only for such period such principal amount remains outstanding.

In case of loans disbursed by way of issuance of cheques, interest will be charged only from the date the cheque was handed over to the customer or to the nominee of the customer.

Besides interest, other financial charges like processing fees, late payments, RTGS / other remittance charges, etc. may be levied by the Company as contemplated in the loan documents.

4. 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. 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.
- (c) 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 that the Company may have against the borrower. If such right of set off is to be exercised, the borrower shall 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.

5. Release of movable/immovable property documents on repayment/ settlement of Personal Loans

Company shall release all the original movable / immovable property documents and remove charges registered with any registry within a period of 30 days after full repayment/settlement of the loan account.

The customer shall be given the option of collecting the original movable/ immovable property documents either from the branch where the loan account was serviced or any other office of the Company where the documents are available, as per her/his preference.

The timeline and place of return of original movable/immovable property documents shall be mentioned in the loan sanction letters issued on or after the effective date.

In order to address the contingent event of demise of the sole customer or joint customers, a well laid out procedure for return of original movable/immovable property documents to the legal heirs shall be put in place and displayed on the website of the Company along with other similar policies and procedures, if any, for customer information.

Without prejudice to the rights of a customer to get any other compensation as per any applicable law (i) in case of delay in releasing of original movable/immovable property documents or failing to file charge satisfaction form with relevant registry beyond 30 days after full repayment/settlement of loan, Company shall communicate to the customer reasons for such delay and in cases where the delay is attributable to the Company, it shall compensate the customer at the rate of ₹5,000 for each day of delay and (ii) in case of loss/damage to original movable/immovable property documents, either in part or in full, Company shall assist the customer in obtaining duplicate/certified copies of the movable/immovable property documents and shall bear the associated costs, in addition to paying compensation as indicated in section (i) of this paragraph. However, in such cases, the delayed period penalty will be calculated after a total period of 60 days rather than 30 days as indicated in section (i) of this paragraph.

6. Penal Charges

To inculcate a sense of credit discipline, as a deterrent against intentional delinquency, and to encourage prompt and timely repayment of the loan, the Company may charge penalty/Additional interest in the form of Penal Charges as determined by the Loan Committee in case of payment default(s) or non-compliance of material terms and conditions governing a loan by the Borrower

- Penal Charges may be levied for payment defaults and non-compliance of any other material terms and conditions, as may be specified in the relevant credit facility documentation.
 - In case of payment default, penal charges, if levied, may be charged upto an amount equivalent to 36% per annum of the amount under default.
 - In case of non-compliance with other terms and conditions, upto an amount equivalent to 24% per annum of the principal outstanding.
- Penal Charges shall not be capitalized and no interest shall be applied on such Penal Charges. However, it is clarified that compounding of interest is permissible.
- In deserving cases, such Penal Charges may be settled at lower amounts or waived by the Loan Committee.

For the purpose of the foregoing, material terms and conditions in respect of a loan shall mean such terms and conditions governing a loan including timely payment of amounts due and payable, the breach of which would render all outstanding amounts in relation to such loan due and payable immediately or at the discretion of the Company. The principles based on which Penal Charges may be levied by the Loan Committee shall be as outlined below.

- ✓ The quantum of Penal Charges shall be reasonable and commensurate with the noncompliance of material terms and conditions of the credit facility without being discriminatory within a particular loan / product category.
- ✓ The Penal Charges in case of loans sanctioned to 'individual customers, for purposes other than business', shall not be higher than the Penal Charges applicable to non-individual customers for similar non-compliance of material terms and conditions.

The quantum and reason for Penal Charges shall be clearly disclosed to the customers in the loan agreement. Whenever reminders for non-compliance of material terms and conditions of loan are sent to Borrower, the applicable penal charges shall be communicated. Further, any instance of levy of Penal Charges and the reason therefor shall also be communicated

7. GENERAL

- (a) 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, should 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. As complaints from customers also include rude behavior from the staff of the companies. Company will ensure that the staff is adequately trained to deal with the customers in an appropriate manner.
- (d) The Company shall not charge foreclosure charges/ pre payment penalties on all floating rate term loan sanctioned to individual borrowers, with immediate effect.

8. GRIEVANCE REDRESSAL MECHANISM

The Board of Directors of Company will also lay down the appropriate grievance redressal mechanism within the organization to resolve disputes arising in this regard. Such a mechanism should ensure that all disputes arising out of the decisions of lending institutions' functionaries are heard and disposed of at least at the next higher level. The Board of Directors will also provide for periodical review of the compliance of the Fair Practices Code and the functioning of the grievances redressal mechanism at various levels of management. A consolidated report of such reviews may be submitted to the Board at regular intervals, as may be prescribed by it.

The Company will display the following information prominently, for the benefit of customers, at branches/places where business is transacted (if any):

- The name and contact details (Telephone / Mobile nos. and also email address) of the Grievance Redressal Officer who can be approached by the public for resolution of complaints against the Company.
- If the complaint/dispute is not redressed within a period of one month, the customer may appeal to the Officer-in-Charge of the Regional Office of DNBS of RBI (complete contact details), under whose jurisdiction the registered office of the NBFC falls.

9. OMBUDSMAN SCHEME FOR NON-BANKING FINANCIAL COMPANIES, 2018 - APPOINTMENT OF THE NODAL OFFICER/ PRINCIPAL NODAL OFFICER

Under the Ombudsman Scheme, the Company has appointed Nodal Officers (NOs) who shall be responsible for representing the Company and furnishing information to the Ombudsman in respect of complaints filed against the Company.

The Nodal Officer (NO) shall be responsible, inter alia, for representing the Company before the Ombudsman and the Appellate Authority under the Scheme. The Nodal Officer shall be responsible for coordinating and liaising with the Customer Education and Protection Department (CEPD), RBI, Central Office.

For the benefit of the customers, at branches/places where business is transacted, the name and contact details (Telephone/ Mobile numbers and also email addresses) of the NOs/GROs and the name and contact details of the Ombudsman, who can be approached by the customer.

The salient features of the Scheme (in English and Vernacular language) at all their offices shall be prominently displayed in such a manner that a person visiting the office or branch has easy access to the information.

The details of the Ombudsman Scheme, Nodal Officer shall be prominently displayed on the website.

(Reference: Ombudsman Scheme for Non-Banking Financial Companies, 2018 – Appointment of the Nodal Officer / Principal Nodal Officer DNBR.PD.CC.No.091/03.10.001/2017-18 dated February 23, 2018)

10. POSTING ON WEBSITE

Fair Practices Code, in English and vernacular languages shall be put up on the web-site of the Company for the information of various stakeholders.

11. REGULATION OF EXCESSIVE INTEREST

- (a) The Board will adopt an interest rate model taking into account relevant factors such as, cost of funds, margin and risk premium, etc 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.
- (b) The rates of interest and the approach for gradation of risks will also be made available on the web-site, if any, of the companies or published in the relevant newspapers. The information published in the website or otherwise published should be updated whenever there is a change in the rates of interest.
- (c) The rate of interest will be annualized rates so that the borrower is aware of the exact rates that would be charged to the account.

12. CLARIFICATION REGARDING REPOSSESSION OF VEHICLES FINANCED (IF ANY) BY COMPANY

Company will built in 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 should also contain provisions regarding:

- (a) Notice period before taking possession;
- (b) Circumstances under which the notice period can be waived;
- (c) Procedure for taking possession of the security;
- (d) Provision regarding final chance to be given to the borrower for repayment of loan before the sale / auction of the property;
- (e) Procedure for giving repossession to the borrower and
- (f) Procedure for sale / auction of the property.

A copy of such terms and conditions will be made available to the borrowers.

13. REVIEW OF FAIR PRACTICE CODE

The CEO/Board shall be severally authorized to review and approve any modifications to the Fair Practice Code from time to time