

SHINE STAR BUILD-CAP PRIVATE LIMITED

FAIR PRACTICE CODE

1st April, 2020

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 Debtors , Revolving loan facility ,Consumer Durable Loans , 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. As complaints received against Company generally pertain to charging of high interest / penal interest, Company will mention the penal interest charged for late repayment in bold in the loan agreement.

It is understood that in a few cases, borrowers at the time of sanction of loans are not fully aware of the terms and conditions of the loans including rate of interest, either because the Company does not provide details of the same or the borrower has no time to look into detailed agreement.

Not furnishing a copy of the loan agreement or enclosures quoted in the loan agreement is an unfair practice and this could lead to disputes between the Company and the borrower with regard to the terms and conditions on which the loan is granted.

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. 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 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.

4. 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 charges foreclosure charges/ pre payment penalties on all floating rate term loan sanctioned to individual borrowers, with immediate effect.

5. 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.

6. 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)

7. 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.

8. 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.

9. 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.

10. 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