

CHOLAMANDALAM INVESTMENT AND FINANCE COMPANY LIMITED

FAIR PRACTICES CODE

This Fair Practices Code has been prepared in compliance with Chapter VII of the Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 issued by the Reserve Bank of India and aims to provide its borrowers an effective overview of the practices followed by the Company and to enable borrowers to take informed decisions in respect of the financial facilities and services offered by the Company. The Code covers the general principles on adequate disclosures on the terms and conditions of the loan and the procedures to be followed when dealing with the borrowers. The Code applies to all categories of products and services offered by Cholamandalam Investment and Finance Company Limited (“the Company”).

Objectives of the Code

The following are the primary objectives of this Code:

- Promote fair and transparent practices by setting minimum standards in dealings with borrowers;
- Foster fair and cordial relationship between the borrowers and the Company;
- To ensure compliance with regulatory requirements with regard to customer interface;
- To strengthen mechanisms for redressal of customer grievances.

Applications for loans and their processing

The Company is in the business of lending and offers various products including vehicle finance, loan against property, home loan, SME loans, secured business and personal loans, consumer & small enterprises loans, consumer durables and gold loans. . Application forms for each of the product offered by the Company would be different depending on the requirement for information for each product.

All communications to the borrower will be in vernacular language or a language as understood by the borrower.

All necessary information that may be required by the borrowers with regard to the financial facility that is being applied for are available in the relevant loan application forms. The information would include matters which may affect the interests of the borrower, so that a meaningful comparison with the terms and conditions offered by other NBFCs can be made and informed decisions can be taken by the borrowers.

Besides, the various documents that need to be submitted with the application form are also provided in the application forms. The Company would give an acknowledgement for receipt of all loan applications. The normal time frame within which loan applications complete in all respects will be disposed of would be indicated in the acknowledgement of loan applications.

The Company would verify the loan applications within a reasonable period of time and if additional details / documents are required, it would intimate the borrowers immediately.

Loan appraisal and terms/conditions

The Company would ensure that there is proper assessment of credit application made by borrowers. The assessment would be in line with the Company's credit policies and procedures.

The Company would convey in writing to the borrower in the vernacular language or a language as understood by the borrower by means of key fact statement, sanction letter or otherwise, the amount of loan sanctioned along with the terms and conditions including annualised rate of interest / annual percentage rate (APR), all fees/charges and method of application thereof and keep the acceptance of these terms and conditions by the borrower on its record. The Company furnishes a copy of the loan agreement in the language as understood by the borrower along with a copy each of all enclosures quoted in the loan agreement at the time of disbursement of the Loan.

Penal charges in loan accounts

The Company shall disclose the penal charges levied for any non-compliance of material terms and conditions of loan contract in bold in the loan agreement and Key Fact Statement (KFS). The quantum of penal charges shall be reasonable and commensurate with the non-compliance of material terms and conditions of loan contract without being discriminatory within a particular loan/ product category. Whenever reminders for non-compliance of material terms and conditions of loan are sent to borrowers, the penal charges shall be communicated to the borrower. Further, any instance of levy of penal charges and the reason therefor shall also be communicated to the borrower.

Disbursement of loans including changes in terms and conditions

The Company would ensure timely disbursement of loans sanctioned in conformity with the terms and conditions governing such sanction.

It would 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. and would also ensure that changes are effected only prospectively. A suitable condition in this regard would be incorporated in the loan agreement.

The Company would carry out post-disbursement supervision in accordance with normal business practice, the terms of sanction and the guidelines issued by the Reserve Bank of India from time to time.

The Company would carry out any decision to recall / accelerate payment or performance under the agreement only in consonance with the loan agreement.

The Company would 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 with prior notice to the borrowers. The notice will provide full particulars about the remaining claims and the conditions under which the Company is entitled to retain the securities till the relevant claim is settled/paid.

General

The Company would not cause interference in the affairs of the borrowers except for what is 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 Company).

In case of receipt of request received in writing for transfer of borrowal account, either from the borrower or from a bank/financial institution, which proposes to take over the account, the consent or otherwise i.e., objection of the Company, if any, would be conveyed within 21 days from the date of receipt of request. Such transfer will be as per transparent contractual terms in consonance with law. The Company would not discriminate on grounds of sex, caste, physically challenged and religion in the matter of lending. However, this does not preclude the Company from participating in credit-linked schemes framed for weaker sections of the society. All possible assistance shall be given to physically / visually challenged person for availing business facilities.

In the matter of recovery of loans, the Company would adopt legally valid processes and not resort to undue harassment or use of force viz., persistently bothering the borrowers at odd hours, use of muscle power for recovery of loans, etc., The Company shall adequately train the collection executives and other staff to deal with the borrowers in an appropriate manner.

Grievance Redressal Mechanism

A "Customer Grievance Committee" hereinafter referred to as "Committee" with Managing Director, Business Heads, Company Secretary, Head - Operations and Head - Internal audit as its members. A report on customer complaints shall be circulated to the Committee on a periodical basis. The Committee shall meet at least once in six months. The Committee shall appoint a Grievance Redressal Officer who can be approached by the public for resolution of complaints against the Company. The name and contact details of the Officer and the Regional Office of Department of Supervision, RBI, Chennai where the customer can approach if the complaint is not redressed within a period of 30 days shall be prominently displayed at the branches where the business is transacted.

Disputes arising out of decisions of the Company's functionaries would be disposed of at the next higher level within the Department concerned.

A review of compliance of the Fair Practices Code and the functioning of the grievance redressal mechanism would be done by the Management regularly and a consolidated report of such reviews will be submitted to the Board of Directors once in 6 months.

In addition to the above, the Company has a Whistle Blower policy in place where the borrowers of the Company are entitled to bring to the notice of the designated ombudsman the act of any employee, borrowers and vendors of the Company that is in contravention of the said whistle blower policy.

The contact details of the Grievance Redressal Officer (GRO) of the Company is given below:

Grievance Redressal Officer	:	Mr. Krishnakumar K.P, Grievance Redressal Officer
Address	:	ASV Adarsh Complex, 719, Pathari Road, off Mount road, Near Thousands Light Metro station, Behind Raj video vision, Anna Salai, Chennai 600002.

Tel no.	:	044 - 40906097
Email ID	:	gro@chola1.murugappa.com

If the grievances / complaints is not redressed within a period of 30 days, the customer may appeal to the Officer in Charge of the Regional Office of Department of Supervision of RBI.

Officer in Charge	:	officer-in-charge Department of Supervision Chennai Regional Office Reserve Bank of India Fort Glacis, No.16, Rajaji Salai Chennai 600 001
Tel. No.	:	044 – 2539 9189

Regulation of excessive interest rate charged

The Company shall follow the appropriate internal principles and procedures in determining interest rates and processing and other charges in line with the approved policies from time to time.

The Company shall follow the interest rate model adopted and approved by the Board and made available on the website. 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 in the application form and communicated explicitly in the sanction letter. The rate of interest must be annualised rate so that the borrower is aware of the exact rates that would be charged to the account.

Repossession of vehicles financed by the Company

The loan agreement of the Company shall contain necessary repossession clauses including the salient practices and procedures to be followed during repossession, as prescribed by RBI from time to time.