

Standard Chartered Capital Limited ('SC Capital')

Fair Practice Code

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Document Approver Name	Nirmal Kishore
Document Approver Job Title	MD & CEO, SC Capital, India
Document Owner Name	Amruta Shah
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Document Contact Name	Amruta Shah
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Introduction

The Reserve Bank of India ('RBI') vide its master direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023, DoR.FIN.REC.No.45/03.10.119/2023-24 dated October 19, 2023 and circular no. RBI/2023-24/102 DoR.MCS.REC.61/01.01.001/2023-24 dated December 29, 2023 - Fair Lending Practice, Penal Charges in Loan Accounts: Extension of Timeline for Implementation of Instructions has amended guidelines on Fair Practices Code ('FPC') for all NBFCs to be adopted by them while doing lending business. The guidelines inter alia, covered general principles on adequate disclosures on the terms and conditions of a loan and also adopting a non-coercive recovery method.

The Fair Practices Code, as mentioned herein below, is in conformity with these Guidelines on Fair Practices Code for NBFCs as contained in the aforesaid RBI Circular. This sets minimum Fair Practice standards for SC Capital to follow when dealing with customers. While fairness in all customer dealings is duly incorporated in SC Capital processes and operational procedures, the Code provides information to customers and explains how SC Capital is expected to deal with them on a day-to-day basis.

Keeping in view the RBI guidelines as cited above, the following Fair Practices Code including Interest Rate Model is laid out.

(i) Loan Application and Processing

- a) SC Capital offers various financial products including Loan against securities, Project loan, Working Capital loan, Term loan, Loan against property, Personal Loans and Business Instalment Loans.
- b) Loan application forms will include information that will enable the borrower to compare the terms and conditions of SC Capital vis-à-vis other NBFCs and make an informed decision
- c) All communications to the borrower will be in English language.
- d) The borrower will be informed about the list of documents to be submitted at the time of loan processing. If any additional information/ documents are required, the same will also be conveyed to the borrower.
- e) SC Capital would acknowledge receipt of all complete loan applications received by it.
- f) SC Capital would inform the Borrower about its decision within reasonable period of time from the date of submission of the application form with necessary information and relevant documentation
- g) All loans sanctioned are subject to completion of client due diligence, credit appraisal and verification procedures. The applications that do not meet the requisite criteria will be declined. The loan status whether sanctioned or declined will be promptly communicated to the borrower in writing.

(ii) Terms and conditions

- a) Business Facility Letter (BFL) / Sanction Letter (SL) / Facility Agreement (FA) will be issued to the borrower after the loan processing is duly completed. BFL/SL/FA will include the amount of loan sanctioned and other terms & conditions. Rate of interest will be communicated to borrower on the date of disbursement. The borrower has to acknowledge the copy of BFL/SL/FA & other communications as acceptance of terms & conditions and return it to SC Capital.
- b) BFL/SL/FA will be drafted in English. Penal charges to be charged in case of default by the borrower will be mentioned in bold in the BFL/SL/FA. Copy of the BFL/SL/FA (with all the enclosures quoted in the agreement) will be provided to the borrower at the time of disbursement.
- c) Securities will be released 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 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 the securities are retained till the relevant claim is settled/ paid.

(iii) Notifications – General and for changes in terms and conditions

- a) Notice will be given to the borrower for any change in the terms and conditions including disbursement schedule, interest rates, service charges, prepayment charges, penal charges etc. Changes to Interest rates and charges if any will take effect, prospectively.
- b) Any change shall be in accordance with the terms and conditions of the individual loan agreement.
- c) Decision to recall / accelerate payment will be as per the terms and conditions in the loan agreement.
- d) Any changes to the charges shall be communicated in advance and in writing to the borrower.

(iv) Interest Rate Model

- a) The Loan Assets funded by SC Capital will be priced based on Cost of Borrowing (COB), Operating Costs, Security Premium, Tenor Premium, Credit Risks Premium associated with the quality of the borrower and any other factor that SC Capital may deem fit. The COB varies according to market conditions and will impact the pricing of the loans from time to time.

- b) The borrower credit risk premium will be based on credit and default risk of the borrower as assessed from the profile & risk rating, earnings and repayment ability, nature and value of collaterals, repayment track record, industry trends, Credit Bureau ratings etc.
- c) The rate of interest for the same product availed by different borrowers could vary depending upon combination of all or any of the above-mentioned factors. In case of staggered disbursements / drawdowns, the rate of interest would be subject to review and may vary according to the prevailing rate at the time of disbursement/drawdowns.
- d) Interest Rate Reset: The loans would be offered on floating interest rate basis. The interest rates would be reviewed and reset on periodic basis as agreed in the facility letter or loan agreement and duly intimated to the borrower.

(v) Penal Charges

As a deterrent against intentional delinquency and to encourage prompt and timely repayment of interest and principal dues, the borrower would be levied penal charges, if the borrower does not service the interest and/or repay the principal amount on the due date as agreed in the BFL/SL/FA or for any other reason that SC Capital may deem fit.

Penal charges can be towards delayed payment of interest/principal, late payment, cheque bounce, NACH bounce, delay in security creation, breach of covenants and any other charges as has been communicated and agreed with the customer in the BFL/SL/FA & Key Fact Statement / most important document.

- a) SC Capital will levy 'penal charges' for non-compliance of material terms and conditions of loan contract by the borrower. The company will not capitalize penal charges i.e., no further interest computed on such charges. However normal procedure of compounding of interest in the loan account will continue.
- b) SC Capital will ensure that the quantum of penal charges are reasonable and commensurate with the non-compliance of material terms and conditions of loan contract without being discriminatory within a particular loan / product category.
- c) The penal charges levied by SC Capital in case of loans sanctioned to 'individual borrowers, for purposes other than business', will not be higher than the penal charges applicable to non- individual borrowers for similar non-compliance of material terms and conditions.
- d) SC Capital has board approved policy for Interest rates and other charges
- e) The quantum and reason for penal charges will be clearly disclosed by SC Capital to the customers in the BFL/SL/FA and most important terms & conditions / Key Fact Statement as applicable, in addition to being displayed on SC Capital website under Interest rates and Service Charges.
- f) SC Capital will communicate penal charges and reason thereof while sending reminders to borrowers for non-compliance of material terms & conditions of the loans.
- g) Changes / waiver of such penal charge will be approved by the relevant authority in certain cases based on the justification provided by the borrower.

(vi) Processing Fees & Other Charges

SC Capital may levy processing fees / commitment fees / prepayment charges / other charges for loans sanctioned on a case-to-case basis. Quantum of processing fee would depend upon the type of collateral, nature and volume of documentation involved; services required from external agencies etc.

(vii) Change in Lending Rate

The borrower's rate of interest will be reset at periodicity as agreed in the BFL/SL/FA. In case of an interest reset of the facility, the same will be communicated to the client in advance.

General Terms:

- a) SC Capital will not interfere 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.
- b) In case the borrower requests for transfer of account, the consent or otherwise, if any, will 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
- c) In the matter of recovery of loans, SC Capital will not resort to undue harassment and follow acceptable and standard recovery/collection procedures
- d) Collection/recovery staff are adequately trained to deal with the borrowers in an appropriate manner
- e) SC Capital shall not charge foreclosure charges/ pre-payment penalties on all floating rate term loans sanctioned to individual borrowers

(viii) Grievance Redressal

SC Capital's policy is to treat and service all the customers consistently and fairly. SC Capital has setup a grievance redressal mechanism to resolve any disputes. This mechanism ensures that all disputes arising with any matter pertaining to business practices, lending decisions, credit management and recovery decisions shall be heard and responded to within a stipulated time.

Level 1

Customers who wish to provide feedback or lodge a complaint may use any of the below modes of communication

- ✓ Call our Customer Service Helpline on 1800 209 0505 [between 9:30 am and 5:30 pm, from Monday to Friday (except on national holidays)
- ✓ E-mail us anytime at SCCapital.customercare@sc.com
- ✓ Write to us at Customer Service, Standard Chartered Capital Ltd., 6th Floor, Crescenzo, C 38/39, G-Block, Bandra Kurla Complex (BKC), Bandra (East), Mumbai – 400051.

All the feedback and complaints registered through the above channels shall be reviewed, monitored, and resolved to the satisfaction of our customers. It will be our endeavour to ensure all grievances are resolved in an appropriate manner and within 10 calendar days.

Level 2

SC Capital has appointed a Grievance Redressal Officer who can be approached in case the complaint is not resolved within 10 calendar days or if customer is not satisfied with the response provided. The customers can send an email with their grievances to the below mentioned:

Grievance Redressal Officer - Sunil Kumar
Email Id: Sunil.Kumar@sc.com

All feedback and complaints received through this channel will be responded to within 10 calendar days.

Level 3

In case the response received through the above channels are not satisfactory or customer has not got any response within 20 calendar days, he / she can escalate by writing to: SCCapital.CEO@sc.com

All feedback and complaints received through this channel will be responded to within 10 calendar days.

Level 4

If the complaint / dispute is not redressed through the above channels or in case the customer is not satisfied with the resolution provided by or the complainant had not received any reply from SC Capital within 30 calendar days, the customer may contact RBI Ombudsman. The contact details of RBI Ombudsman are as below:

Online - <https://cms.rbi.org.in>

Letter - Centralised Receipt and Processing Centre
Reserve Bank of India,
4th Floor, Sector 17,
Chandigarh - 160017

E-mail - CRPC@rbi.org.in

SC Capital shall undertake the following actions:

- ✓ Display salient features of the Ombudsman Scheme for knowledge of public (in English, Hindi, and Vernacular Language).
- ✓ Ensure the purpose of the Scheme and the contact details of the Ombudsman to whom the complaints are to be made by the aggrieved party are displayed prominently in all the offices and branches, in such manner that a person visiting the office or branch has adequate information of the Scheme.
- ✓ Ensure the copy of the Scheme is available with the designated officer of SC Capital for perusal in the office premises, if anyone desires to do so, and notice about the availability of the Scheme with such designated officer shall be displayed along with the notice and shall place a copy of the Scheme on our websites.
- ✓ A Principal Nodal officer has been appointed at SC Capital's Head Office and all the Offices of the Ombudsman will be informed about the same. The name and contact of the Principal Nodal Officer are as mentioned below:

Principal Nodal Officer Name: Sunil Kumar

Email ID: Sunil.Kumar@sc.com

- ✓ The Principal Nodal Officer so appointed shall be responsible for representing SC Capital and furnishing information to the Ombudsman in respect of complaints filed against the company.
- ✓ All SC Capital branches / places where business is transacted a notice will display the name, address, and contact number of the Grievance Redressal unit prominently, for the benefit of their customers.

The Board of Directors will be provided a periodical review (on an annual basis) of the compliance of the Fair Practices Code and the functioning of the grievances redressal mechanism at various levels of management”.

SC Capital shall modify, amend, and update the above Code from time to time, in accordance with the guidelines prescribed by the RBI, from time.