



# FAIR PRACTICE CODE

## CITICORP FINANCE INDIA LIMITED

**OWNER:** ALL BUSINESSES

**CONTACT(s):**

ALL BUSINESS HEADS

[dl.citi.in.cfil.business.leads@citi.com](mailto:dl.citi.in.cfil.business.leads@citi.com)

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## 1 OVERVIEW

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Citicorp Finance (India) Limited (hereafter “CFIL”) in pursuance of the RBI directions, vide its communication, [Circular No. DNBR.PD.CC.No. 085/03.10.001/2016-17 dated March 02, 2017](#) issued by the RBI, around fair practices to be followed by Non-Banking Financial Companies (NBFCs), has formally adopted the guidelines for all its customer dealings.

CFIL is a registered ND-SI NBFC engaged in the business of lending. The areas supported by CFIL primarily include Asset Backed Financing, Strategic Equity Solutions (SES) – Margin Loans Corporate Loans and Loans to Mid- Market companies

While fairness in all customer dealings is duly incorporated in CFIL processes and operational procedures, the Code is formally being documented under the above referenced guidelines/notification.

## **2 APPLICATIONS /REQUEST LETTER FOR LOANS AND THEIR PROCESSING**

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### **Asset Backed Financing - Commercial Vehicles and Construction Equipment**

CFIL makes available all relevant information pertaining to the loan in the loan application form(s), including the necessary loan information and documents required to be submitted by the customer along with the duly completed application form.

The information provided in the Loan application form includes but is not limited to

- ✓ Minimum and maximum annualized effective rate of interest across categories of loans
- ✓ Disclosure of Charges
- ✓ Statement that "the interest rate charged by the company incorporates risk premium as considered reasonable and justified, having regard to the internal rating of the borrowers, the presence or absence of security & the value, together with other factors including borrowers income, loan size, previous credit history, bureau information, etc.
- ✓ Statement that "Risk gradation is determined based on risk associated with the type of loan, value of security or collateral, tenor of the loan & quantum of loan.

Indicative list of documents required have been disclosed in the application form.

In Commercial loan, the key terms and conditions of the loan is communicated to the borrower in a vernacular language as understood by him/her. In addition, a declaration in vernacular language is being acknowledged by the customer confirming that he/she has understood the Terms and Condition as part of the application form.

All completed applications forms are duly acknowledged. For this purpose, all application forms contain a perforated section for acknowledgement. Applicants are advised to insist an acknowledgement.

The acknowledgement indicates the approximate timeframe of 15 days, from the date of receipt of all necessary documents, during which the loan will be processed on best effort basis.

### **Corporate Loans**

The terms and condition of the loan are mutually agreed between the borrower and CFIL and the acceptance of this proposal is communicated vide a request letter from the customer which contains interest rate applicable to the loan, loan amount and tenor of the loan, in case of floating rate of loan, reset frequency.

**Mid- Segment Loans**

The terms of the loan are mutually agreed upon by the client and CFIL. Client provides request letter to CFIL. Request letter includes details of the Amount of Loan, Tenor, Maturity date, Rate of Interest, terms and conditions etc.

**Strategic Equity Solutions (SES) – Margin Loans**

Full disclosure of terms included in the agreement with the Customer.

### **3 LOAN APPRAISAL AND TERMS & CONDITIONS**

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Loan applications / request letter are assessed in accordance with CFIL's credit appraisal (risk based) process and program applicable.

Upon approval of the loan, a comprehensive agreement / a sanction letter indicating the amount of loan sanctioned, annualized rate of interest applicable, along with the terms and conditions, is executed and the copy of the same is subsequently sent to the borrower.

CFIL explains all main terms & conditions of the loan agreement i.e. loan amount, interest rate, installment structure, tenor and other relevant terms on the CFIL's rights in the event of default to the borrower post sanction of the loan and at the time of executing a loan agreement.

Penal interest is charged for late repayment as mentioned in the Loan / Facility Agreement

#### 4 DISBURSEMENT OF LOANS, CHARGES IN TERMS AND CONDITIONS

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Post disbursement of loan, a repayment schedule containing details of the loan, rate of interest, tenor, installment structure, interest - principal breakup and other applicable charges is sent to the all borrower.

Awareness calling is done by the independent centralized unit for ABF products in order to reaffirm the details of the loan. The information which is again provided to the borrower includes the loan number, EMI amount, loan tenor and EMI due date. Awareness calling for Asset Backed Financing (ABF) is done through recorded lines and records of the call are maintained for 6 months.

Commercial Vehicles / Construction Equipment finance are term loans with fixed rate of interest followed by monthly payments through EMIs. Further, the details with respect to change in other terms and conditions are stated in the clause under the head- "Notice for changes in the terms" of the loan agreement. The changes as and when done in the rate of interest, charges, etc. shall be available at the branches and will be available on our website. However, in case the change is only limited to an individual contract/loan and is not applicable to all customers then the same shall be intimated in form of a letter / email on the registered address or /SMS/Call on the registered contact number.

A copy of the loan agreement is sent to the borrower post loan booking/authorization

Events of default under which the loan may be recalled or payment accelerated are provided in detail in the Loan agreement under the specific section.

CFIL will release all securities to the borrowers on receiving complete re-payment of the loan outstanding and on completion of all other obligations under the loan agreement. However, CFIL shall have the right to retain such securities, subject to any legitimate right or lien for any other claim we may have against borrowers on other loan/ credit facilities availed by such borrowers from CFIL.

\*If such a right of set off is to be exercised by CFIL, borrowers shall be given prior written notice about the same with full particulars about the remaining claims and the documents under which we are entitled to retain the securities till the relevant claim is settled/paid.

**Strategic Equity Solutions (SES) – Margin Loans** - In case of SES – Margin Loans, loans are offered at an agreed rate of interest. The interest rate is set basis mutual agreement with the customer.

## 5 GENERAL CONDITIONS

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CFIL refrains from interference in the affairs of the borrower, except for the End Use monitoring and purposes provided in the terms and conditions of the loan sanction documents (unless new information, not earlier disclosed by the borrower, has come to the notice of CFIL).

In case of receipt of a written request from the borrower for transfer of the account (assignment of the loan), the consent or objection is duly conveyed within 21days. For Consumer loans as per the Company's practice, in no instance is a refusal to close the account ever made to the customer for commercial loans in case of any request based NOC from the Borrower, the same is issued or the reason of objection is shared with the borrower. For Corporate loans, Mid Segment loan and Strategic Equity Solutions (SES) – Margin Loans) there are no cases where loan is transferred.

In the matter of recovery of loans especially where third party recovery agents are engaged. CFIL follows the measures as per the laid down Code of Conduct for debt collection and the regulatory guidelines in this regard.

The staff are adequately trained to deal with the customers in an appropriate manner.

Foreclosure charges/pre-payment penalties are not charged for floating rate loans sanctioned to individual borrowers. Foreclosure charges/pre-payment penalties are not charged for floating rate loans prepaid on the interest reset date for corporate borrowers.



## **6 RESPONSIBILITY OF BOARD OF DIRECTORS**

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The Board of CFIL has laid down the appropriate grievance redress mechanism within the organization to resolve disputes arising in this regard. Different escalation levels have been put in place to ensure a robust complaint handling process such that the complaints are disposed of at least at the next higher level in case the borrower is dissatisfied with the resolution provided.

## 7 GRIEVANCE REDRESSAL MECHANISM

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At CFIL, we aim to provide our customers with the best Customer Service and have consistently invested in infrastructure, people, processes and training to set up a robust and efficient customer service platform, the standard SLA for resolving a complaint is 15 business days.

The details of our Contact channels, Escalation channels and details of the ombudsman appointed by RBI are provided below.

### **Contact channels**

Following are the Contact channels available for customer to approach us for various products:

#### **Asset Backed Finance - Commercial Vehicles and Construction Equipment**

Helpline: Customers can call us at our centralized helpline toll free no. 1800-26-70-124.  
Timing: Monday - Friday (10.00 AM - 06.00 PM)

E-mail: Send an E-mail to [wecare.cfil.india@citi.com](mailto:wecare.cfil.india@citi.com)

Mail: Write in to us at: Customer Service, Citicorp Finance (India) Limited, 3 LSC, Pushp Vihar, New Delhi – 110062

Website: [www.citicorpfinance.co.in](http://www.citicorpfinance.co.in)

Branches: The list of branches are available on our website, <https://www.citicorpfinance.co.in/CFIL/locate-us.htm> and our branches are operational between 10.00 am to 06.00 pm on Monday to Friday.

#### **Consumer Loans (Home Equity, Home Loan, Personal Loans, Consumer Durable, Two-Wheeler and Auto Loan)**

Helpline: Customers can call us at our centralized helpline toll free no. 1800-11-99-49 (Toll Free-MTNL, BSNL Airtel, Reliance, TATA, Idea, Vodafone & Aircel users) or at 39001111. Timing: Monday - Friday (9.00 AM - 06.00 PM)

E-mail: Send an E-mail to [wecare@citi.com](mailto:wecare@citi.com)

Mail: **Write in to us at:** Customer Service, Citicorp Finance (India) Limited, 3 LSC, Pushp Vihar, New Delhi – 110062

Website: [www.citicorpfinance.co.in](http://www.citicorpfinance.co.in)

Branch: Citicorp Finance (India) Limited, 3 LSC, Pushp Vihar, New Delhi – 110062

**Strategic Equity Solutions (SES) – Margin Loans), Corporate Loan and Loans to Mid-Market Segment Companies**

Customers may please get in touch with their respective Relationship Managers as and when required.

**Grievance Redress Mechanism / Escalation Channels**

If the borrower is not satisfied with the response received from the above-mentioned Contacts, he/she may contact or write to us at the following escalation channels. These Officers may be reached in their offices during 10.00 am to 06.00 pm on Monday to Friday.

Product wise details for escalation of Customer grievance are as follows:

**Escalation of Complaints : For All Products: Level One**

If the borrower is not satisfied with the response received from his/her contact in CFIL, he or she may raise the issue with Grievance Redressal Officer whose address and contact details are as furnished below.

Mr. Abhishek Kumar  
Citicorp Finance India limited  
3 LSC, Pushp Vihar, New Delhi – 110062  
91 11 44002168  
E-mail: [GRODESK@citi.com](mailto:GRODESK@citi.com)

**Escalation of Complaints : For All Products : Level Two**

If the borrower is not satisfied with the response at the first level of escalation, he or she may raise the grievance with the Principal Nodal Officer (PNO) whose address and contact details are as furnished below.

Mr. Anurag Jain  
Principal Nodal Officer (PNO)  
Citicorp Finance (India) Limited.  
3, Local Shopping Complex (LSC),  
Pushp Vihar, New Delhi - 110062  
91 11 4400 2148  
[Cfil.principal.nodal.officer@citi.com](mailto:Cfil.principal.nodal.officer@citi.com)

### **Escalation of Complaints: For All Products: Level Three**

If the borrower is not satisfied with the response at the second level, he or she may raise the grievance with Managing Director whose contact details are as furnished below.

Email: [managingdirector.CFI@citi.com](mailto:managingdirector.CFI@citi.com)

CFIL shall endeavor to respond to each complaint within one month from the date of receipt of the complaint.

### **Escalation to Ombudsman / NBFCO Appointed by Reserve Bank of India**

In case the complaint is not redressed within a period of one month or if the Complainant is dissatisfied with the response given, he/she may write to the Ombudsman appointed by Reserve Bank of India under Integrated Ombudsman Scheme 2021. The details of the Ombudsman scheme are displayed on the branch notice boards. Our staff shall explain the procedure in this regard.

**Additionally, the detailed Ombudsman Scheme is available on our website:**

<https://www.citicorpfinance.co.in/CFIL/pdf/Ombudaman/Ombudaman-Scheme.pdf>

<https://www.citicorpfinance.co.in/CFIL/pdf/Ombudaman/Appendix-A-English.pdf>

**Contact details of the Principal Nodal Officer (PNO), Ombudsman's Centralized Receipt and Processing Centre (CRPC) and Complaint Form:**

<https://www.citicorpfinance.co.in/CFIL/Annex-I and II.pdf>

**If the Customer is not satisfied with decision of Ombudsman, the Appellate Authority is:** The Executive Director-in charge of Consumer Education and Protection Department of RBI.

Refer to [www.rbi.org.in](http://www.rbi.org.in) for further details of the Scheme

## 8 LANGUAGE AND MODE OF COMMUNICATING FAIR PRACTICES CODE

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Code has been placed in vernacular languages at CFIL branches and on the website of CFIL [www.citicorpfinance.co.in](http://www.citicorpfinance.co.in)

### **Asset Backed Finance - Commercial Vehicles and Construction Equipment**

CFIL interest rate model/Pricing determination policy taking into account relevant factors such as, cost of funds, margin and risk premium and determines the rate of interest to be charged for loans and policy is placed on the website of CFIL [www.citicorpfinance.co.in](http://www.citicorpfinance.co.in)

The rates of interest and the approach for gradation of risks are available on the CFIL 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 is disclosed to the borrower in the application form.

Rate of interest mentioned in the application form is the annualized rate of interest so that the borrower is aware of the exact rates that would be charged to the account.

### **Corporate Loans**

Interest is payable by the borrower in line with the clauses mentioned in the agreement. Further, rate of interest is mentioned in the Drawdown request letter.

### **Loans to Mid-Market Segment Borrowers**

Rate of interest is mentioned in the Drawdown request letter. Further interest payment clause is included in the loan agreement and sanction letter.

### **Strategic Equity Solutions (SES) – Margin Loans**

Normally extends high ticket loans to sophisticated clients. These clients are aware of the prevailing market conditions. There are multiple discussions regarding the loan terms and conditions with the clients at inception, which are formalized via a legal agreement. Given the competitive landscape of funding sources for these clients (multiple willing lenders generally), excessive interest rates are not productive to business.

**10 REPOSSESSION OF VEHICLES FINANCED BY NBFCs : CONSTRUCTION EQUIPMENT AND COMMERCIAL VEHICLE LOANS**

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All the contract / loan agreement of CFIL contain following provisions regarding repossession of vehicles:

- Notice period before taking possession
- Circumstances under which the notice period can be waived
- The procedure for taking possession of the collateral
- A provision regarding final chance to be given to the borrower for repayment of loan before the sale / auction of the property
- The procedure for giving possession back to the borrower
- The procedure for sale / auction of the property.