



FAIR PRACTICE CODE

BACKGROUND AND APPLICABILITY OF THE CODE

The Reserve Bank of India, by its Notification No.RBI/2006-07/138DNBS. (PD)/ CC No.80/03.10.042/2005-06 dated September 28, 2006 read with notification no. RBI/2011-12/470 DNBS.CC.PD.No. 266/03.10.01/2011-12 dated March 26, 2012, DNBS. CC.PD.No. 320/03.10.01/2012-13 dated February 18, 2013 and Master Circular RBI/2014-15/34 DNBS (PD) CC No.388/03.10.042/2014-15 dated July 1, 2014, prescribed the broad guidelines on fair practices that are to be framed and approved by the Board of Directors of all Non-Banking Financial Companies (NBFCs) and should be published and disseminated on the web-site of the Company, if any, for the information of the public.

TCI Finance Limited (hereinafter referred to as “TCIF” or “the Company”) is a public limited company incorporated under the provisions of the Companies Act, 1956 and is a non-deposit taking non-banking financial company registered with the Reserve Bank of India.

1. Applications for loans and their processing

- a) TCIF official language for all communications within the Company or with third parties shall be English.
- b) All communications to the borrower shall be in English or in vernacular language / the language as understood and confirmed by the borrower.
- c) Loan application of TCIF will 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.
- d) The documents required to be submitted with the loan application including KYC documents will be informed to the borrower separately.
- e) TCIF shall provide to the prospective borrower an acknowledgement for receipt of all loan applications. The time frame within which loan applications will be disposed of will be indicated in the acknowledgement.

2. Loan Appraisal and Terms/ Conditions

- a) TCIF shall convey in writing to the borrower in English or in vernacular language / the language as understood and confirmed by the borrower, the fate of the loan application by means of sanction letter or otherwise. In case of sanction of loan, the



sanction letter shall contain the amount of loan sanctioned along with the terms and conditions including annualized rate of interest and method of application thereof.

- b) The acceptance of the terms and conditions communicated by the borrower shall be persevered by TCIF on its record and copy of same shall be provided to the borrower upon its request.
- c) TCIF shall mention the penal interest charged for late repayment in bold in the sanction letter and loan agreement.
- d) TCIF will invariable furnish a copy of loan agreement along with a copy of each enclosures quoted in the loan agreement to all borrowers at the time to sanction/disbursement of loan in English or in vernacular language / the language as understood by the borrower.

3. Disbursement of loans including changes in terms and conditions

- a) TCIF shall give notice to the borrower in English or in vernacular language / the language as understood by the borrower, of any change in the terms and conditions including disbursement schedule, annualized interest rates, service charges, prepayment charges etc. Changes in interest rates and charges shall be effected prospectively and a suitable condition in this regard shall be incorporated in the loan agreement.
- b) Decision to recall / accelerate payment or performance under the agreement shall be in consonance with the loan agreement.
- c) TCIF shall release all securities 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 TCIF may have against 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 TCIF are entitled to retain the securities till the relevant claim is settled/paid.



4. General

- a) TCIF 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 its notice.
- b) In case of receipt of request from the borrower for transfer of borrower account, the consent or otherwise i.e. objection of TCIF, if any, should be conveyed within 21 days from the date of receipt of request. Such transfer shall be as per contractual terms entered into with the borrower and in consonance with law, statutes, rules, regulations and guidelines as may be applicable from time to time.
- c) In the matter of recovery of loans, TCIF shall not resort only to remedies which are legally and legitimately available to it and will not resort to undue harassment viz. persistently bothering the borrowers at odd hours, use of muscle power for recovery of loans etc.
- d) To avoid rude behavior from the staff of the Company, the Company shall ensure that shall ensure that the staff is adequately trained to deal with the customers in an appropriate manner.
- e) The Company shall not charge foreclosure charges/ pre-payment penalties on floating rate term loans sanctioned for purposes other than business to individual borrowers, with or without co-obligant(s). (Reference: RBI Circular on Levy of Foreclosure Charges/ Pre-Payment Penalty on Floating Rate Loans by NBFCs DNBR(PD) CC.No.101/03.10.001/2019-20 dated August 2, 2019)
- f) Pursuant to notification no. DNBS.(PD).C.C.No.133/03.10.001/2008-09 dated January 2, 2009 in respect to regulation of excessive interest charged by NBFCs, TCIF has adopted an Interest Rate Model taking into account relevant factors such as cost of funds, margin and risk premium, etc. to determine the annualized rate of interest to be charged for loans and advances. TCIF will disclose the annualized rate of interest and the approach of gradations of risk and rationale for charging different interest to different categories of borrowers in the application form and will communicate explicitly in the sanction letter. The same is published and disseminated on the web-site of the Company.



5. Grievance Redressal Mechanism

A Grievance Redressal mechanism has been incorporated in the Stake holder Relationship Committee (former Investors Grievance Committee) of the Company comprising of two non-executive Directors to resolve all disputes arising in this regard. The mechanism will ensure that all the disputes arising out the decisions of lending institution's functionaries are heard and disposed of at least at the next higher level. The Board of Directors will periodically review the compliances of Fair Practice Code and the functioning of the grievances redressal mechanism at the various levels of Management. The consolidated report of such reviews will be submitted to the Board at subsequent Board Meetings.

For grievances, customers can write to:

The Compliance Officer

Srishti Soni

TCI Finance Limited

Plot no-20, Sy no-12, 4th Floor,

Kothaguda, Kondapur, Hyderabad-500 081

Contact no: 8008554630

6. Regulation of excessive interest charged

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

7. Repossession of vehicles financed

The Company shall include a built in re-possession clause in the loan agreement with the borrower which will be legally enforceable. To ensure transparency, the terms and conditions of the loan agreement shall also contain provisions regarding: (a) notice period before taking possession; (b) circumstances under which the notice period can be waived; (c) the procedure for taking possession of the security; (d) a provision regarding final chance to be given to the borrower for repayment of loan before the sale / auction of the property; (e) the procedure for giving repossession to the borrower, and (f) the procedure for sale / auction of the property. A copy of such terms and conditions shall be made available to the borrowers.

8. Regulation of excessive interest charged

a. The Board of Directors has adopted an interest rate model for determining the rate of interest to be charged on loans and advances, processing and other charges taking into account relevant factors such as, cost of funds, margin and risk premium, etc. 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 shall also be made available on the website of the company. The information published in the website or otherwise published shall be updated whenever there is a change in the rates of interest

c. The rate of interest shall be annualised rate so that the borrower is aware of the exact rates that would be charged to the account.

9. Review of Fair Practice Code

The Manager shall be authorized to review and approve any modifications to the Fair Practice Code from time to time.

The Amended Fair Practices Code has been adopted by the Board of Directors at their meeting held on July 31, 2020 and shall come into force with immediate effect.