

Summary of Policy

<u>Policy Name</u>	<u>Fair Practice Code</u>
Issue and Effective date	April 1, 2019
Date of Current Review	8 th July 2022
Date of next review	On or before 7 th July 2023
Periodicity of review	Annual
Owner / Contact	Compliance Officer
Approver	Board of Directors

FAIR PRACTICE CODE

Thar Commercial Finance Private Limited, a Non-Deposit Taking Non-Systemically Important Non-Banking Finance Company duly registered with Reserve Bank of India (“RBI”) is presently in the business of providing different types of loans which includes Personal Loans, Unsecured Business Loan / Working Capital Facilities, Educational Loans, Loan against Property, Loan against Shares, Project Loans, Gold Loans, Solar Project Loans, School Fees Funding, 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.

This Fair Practice Code is aimed to provide to all the stake holders, especially customers effective overview` of practices followed by the company in respect of the financial facilities and services offered by the company to its customers. This Fair Practice Code has been revised taking into account the new guidelines on “Fair Practice Code for NBFCs” issued by RBI on February 18, 2013.

The objectives of the Code are:

- To promote good practices and ensure good practices in dealing with customers.
- To promote a fair relationship between the customer and company.
- To ensure compliance with legal norms in matters relating to recovery of advances.
- To strengthen mechanisms for redressal of customer grievances.

The Fair Practice Code (FPC) covers the following areas:

- 1) Applications for loans and their processing
- 2) Approval - Loan appraisal and terms/conditions
- 3) Disbursement of loans, including changes in terms and conditions
- 4) Disclosures about Interest and Approach for Gradation of Risk
- 5) General provisions
- 6) Key Commitments
- 7) Responsibility of Board of Directors for Grievance Redressal

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- 8) Periodic Review - Fair Practice Code
- 9) Posting on Website
- 10) Re-possession of Asset Financed
- 11) Lending against Collateral of Gold Jewellery

The Company would adhere to the Fair Practices Code mentioned herein below in its functioning as a Non-Banking Finance Company.

1. Application for Loans and their Processing

- ❖ All communications with the borrower shall be in the English language. If borrower does not understand English, then we will provide the communication in a language as understood by the borrower.
- ❖ Loan application forms shall include necessary information which affects the interest of the borrower that will enable the borrower to make a meaningful decision. The loan application form shall also indicate the documents required to be submitted with the application form.
- ❖ The Company shall devise a system of giving acknowledgement for receipt of all loan applications. Further, generally, the time frame within which the loan application will be disposed of would also be indicated in the acknowledgement.
- ❖ If any additional details/ documents are required, the same shall be intimated to the borrowers immediately.

2. Approval - Loan Appraisal and Terms/Conditions

- ❖ The Company shall conduct a due diligence on the credit worthiness of the borrower, which will be an important parameter for taking decision on processing of the application. The assessment would be in line with the Company's internal policies, norms and procedures in respect thereof.
- ❖ The Company upon approval shall convey in writing to the borrower by means of approval letter /sanction letter or otherwise in English language, the amount of loan approved/sanctioned - along with the terms and conditions, including annualized rate of interest and method of application thereof. If borrower does not understand English, then we will provide the communication in a language as understood by the borrower.
- ❖ The Company would keep the acceptance of these terms and conditions by the borrower on the Company's files.
- ❖ The Company shall furnish a copy of the loan agreement along with a copy each of enclosures, as applicable, to all the borrowers at the time of disbursement of loans.
- ❖ Loan Agreement shall also mention in bold about the penal interest charged for late repayment.

3. Disbursement of Loans including Changes in Terms and Conditions

- ❖ The Company shall give notice to all its borrowers of any change in the terms and conditions - including disbursement schedule, interest rates, service charges, prepayment charges etc. The Company shall also ensure that changes in interest rates and charges are affected only prospectively. A suitable provision in this regard shall be incorporated in the loan agreement.
- ❖ Any Decision to recall / accelerate payment or performance under the agreement shall also be in consonance with the loan agreement.
- ❖ The Company shall release all securities on repayment of its full dues or on realization of the outstanding amount of the loan of the client subject to any legitimate right or lien for any other claim the Company may have against its borrowers. 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 the Company is entitled to retain the securities till the relevant claim is settled / paid.

4. Disclosures about Interest and Approach for Gradations of Risk

Rate of interest:

The Company shall intimate the borrower, the loan amount and annualized rate of interest at the time of sanction of the loan along with the tenure. The rate of interest shall be annualized rates so that the borrower is aware of the exact rates that would be charged to the account.

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.

Approach for gradation of risk:

The rate of interest is arrived at based on the weighted average cost of funds, administrative costs, risk premium and profit margin. The decision to give a loan and the interest rate applicable to each loan account is assessed on a case to case basis, based on multiple parameters such as, borrower's profile, repayment capacity, borrower's other financial commitments, past repayment track record if any, the security for the loan as represented by the underlying assets, loan to value ratio, tenure of the loan, geography (location) of the borrower. Such information is collated based on borrower inputs and credit bureau. The rates of interest are subject to change as the situation warrants and are subject to the discretion of the management on a case to case basis.

To ensure that there the Customers are not charged excessive interest rate and charges on loans and advances by the company, the Board of the company has adopted a Policy for

determining Interest Rates, Processing and Other Charges “Interest Rate Policy” and the same has been put up on company’s web-site.

The Company had laid down appropriate internal principles and procedures in determining interest rates and processing and other charges.

5. General Provisions

- ❖ The Company shall refrain from interference in the affairs of the borrower except for the purposes provided for 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 from the borrower for transfer of borrowal account, the consent or otherwise - i.e., objection of the Company, if any - shall be conveyed to the borrower within 21 days from the date of receipt of any request. Such transfer shall be as per transparent contractual terms in consonance with law.
- ❖ In the matter of recovery of loans, the Company shall not resort to undue harassment - such as persistently bothering the borrowers at odd hours, use of muscle power for recovery of loans, etc. The Company shall ensure that the staff is adequately trained to deal with the customers in an appropriate manner.
- ❖ The Company shall not charge foreclosure charges/ pre-payment penalties on floating rate term loans sanctioned to individual borrowers.
- ❖ We will provide our customers with all the information regarding dues and will give sufficient notice for payment of dues. All customers will be contacted ordinarily at the place of their choice, in the absence of a specified place at the residence of the customer and if the customer is unavailable at the residence, at the customer’s place of business/occupation.
- ❖ We will respect privacy of the customer and all our interactions will be in a civil manner. All assistance will be provided to our customers to resolve differences or disputes in a mutually acceptable manner, if any, regarding the dues

6. Key Commitments

The Company's key commitments to customers:

- i. Act fairly and reasonably in all their dealings with customers by:
 - ❖ Meeting the commitments and standards specified in the Code, for the products and services which the Company offers and in the procedures and practices its staff follows;
 - ❖ Making sure that Company's products and services meet relevant laws and regulations;

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- ❖ Company's dealings with customers will rest on ethical principles of integrity and transparency
- ii. Help customers understand how company's product work by:
 - ❖ Explaining their financial implications
- iii. Deal quickly and sympathetically with things that go wrong by:
 - ❖ Correcting mistakes;
 - ❖ Handling customer's complaints;
 - ❖ Telling customers' how to take their complaint forward if they are still not satisfied
- iv. Publicize the Code, put it on Company's website and have copies available for customer on request.

7. Responsibility of Board of Directors for Grievance Redressal

- ❖ The Board of Directors of the Company shall lay down the appropriate grievance redressal mechanism within the organization comprising Business Heads, Heads of Risk and Collections and Heads of Operations to resolve disputes arising in this regard.
- ❖ This Forum will ensure that all the disputes arising out of the decisions of the Company's functionaries are heard and disposed of at least at the next higher level.
- ❖ There will be a 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 will be submitted to the Board at regular intervals.

❖ **Grievance Redressal Mechanism**

Client who wish to provide feedback or send in their complaint may use the following channels between 9:30 am and 6:00 pm, from Monday to Friday (except on national holidays).

The name and contact of the Grievance Redressal Officer is as follows:

Mr. Sanket Sushil Surolia

Tel. No.: 022 67154310

Mobile No.: - 8655148149

Email Id: thar.sanketsurolia@gmail.com & compliance@tcfpl.co.in

If the complaint/dispute is not redressed within a period of one month, the customer may appeal to:

The Officer-in-Charge
Regional Office
Department of Non Banking Supervision

Reserve Bank of India,
Third Floor, Byculla Office Building
Opposite Mumbai Central Railway Station,
Byculla, Maharashtra 400008.

8. Periodic Review - Fair Practice Code

The Company shall also review and refine the Code, as may be required periodically based on its own experience and fresh guidelines, if any, to be issued by the RBI in this regard.

9. Posting on Website

Fair Practices Code, preferably in the vernacular language or a language as understood by the borrower shall be put up on the web-site of the Company for the information of various stakeholders.

10. Repossession of Assets 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.

11. Lending against collateral of gold Jewellery

In addition to the general guidelines as above, the Company shall, while lending to individuals against gold jewellery, follow the policy, duly approved by the Board of Directors, containing, inter-alia, the following:

1. Adequate steps to ensure that the KYC guidelines stipulated by RBI are complied with and to ensure that adequate due diligence is carried out on the customer before extending any loan.
2. Proper appraisal procedure for the jewellery accepted as collateral security.
3. Internal systems to satisfy ownership of the gold jewellery.

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4. Adequate systems for storing the jewellery in safe custody, reviewing the systems on an on-going basis, training the concerned staff and periodic inspection by internal auditors to ensure that the procedures are strictly adhered to. Loans against the collateral of gold shall not be extended by branches that do not have appropriate facility for storage of the jewellery.
5. The jewellery accepted as collateral shall be appropriately insured.
6. The policy with regard to auction of jewellery in case of non-repayment shall be transparent and adequate. Prior notice to the borrower shall be given before the auction date. It shall also lay down the auction procedure that will be followed. There shall be no conflict of interest and the auction process will ensure that there is arm's length relationship in all transactions during the auction including with group companies and related entities.
7. The auction shall be announced to the public by issue of advertisements in at least 2 newspapers, one in vernacular language and another in national daily newspaper.
8. The Company shall not participate in the auctions held.
9. Gold pledged will be auctioned only through auctioneers approved by the Board.
10. The policy shall also cover systems and procedures to be put in place for dealing with fraud including separation of duties of mobilization, execution and approval.
11. The loan agreement for lending against gold shall also disclose details regarding auction procedure.