

## **FAIR PRACTICES CODE**

### **I. Preamble**

This has reference to RBI Circular No. RBI/2015-16/16 DNBR (PD) CC.No.054/03.10.119/2015-16 dated 1<sup>st</sup> July, 2015 wherein the Reserve Bank of India (RBI) has revised the guidelines on Fair Practices Code for NBFCs to implement the same.

"The Fair Practices Code" is in conformity with these Guidelines and it sets the standard for **M/s. NTC FINANCE PRIVATE LIMITED** ("the Company") to follow while dealing with borrowers. It provides information to borrowers and explains how the company is expected to deal with them on a day to day basis.

This policy will be applicable to all the Offices of the Company including Head Office and the branches located at various places in India. All the Officers and employees of the Company shall also be bound by this policy.

### **2. Objective of the Code**

The code has been developed with an objective of:

- Ensuring & Regulating fair practices while dealing with borrowers;
- Enabling borrowers in having a better understanding of the product and taking informed decisions;
- Building borrowers' confidence in the company;
- Facilitate a continuously growing base of satisfied borrowers while scrupulously avoiding association with borrowers having doubtful credentials or criminal background;
- Deal with the Grievances redressal in a quick and efficient manner and to the satisfaction of the borrowers;
- Have Escalation process, in the event of dissatisfaction of the borrowers in handling the complaint(s) raised.

### **3. Applicability of Fair Practice Code**

The Fair Practice Code will be applicable to the following broad areas:

- i. Loan application and processing;
- ii. Loan appraisal, sanction, agreement and terms/ conditions;
- iii. Loan disbursal;
- iv. Recovery and transfer of loan;
- v. Settlement of loan;
- vi. General.

#### **i. Loan application and processing**

- a) The 'Application Form / appropriate documents' of the company for each of these products offered by the company is different depending upon the requirement of each product and will include all information that is required to be submitted by the Borrower.
- b) Necessary information will be provided by the company to facilitate the borrower in making a meaningful comparison with similar terms and conditions offered by other

Non Banking Finance Companies (NBFCs) and taking an informed decision based on the aforesaid comparison.

- c) The 'Application Form/ appropriate documents' of the company may also indicate the list of documents required to be submitted by the Borrowers along with the Application form.
- d) The company shall issue acknowledgment for receipt of all duly completed loan applications.
- e) The company shall indicate the time frame to the prospective borrowers, within which loan proposals will be processed.

**ii. Loan appraisal, sanction, agreement and terms/ conditions**

- a) The company shall convey in writing to the borrower by way of a sanction letter or otherwise, the amount of limit sanctioned along with all the terms and conditions including annualized rate of discount/ interest and method of application thereof and keeps the acceptance of these terms and conditions by the borrower on the company's record.
- b) The company at the time of sanction / disbursements of loans will furnish a copy of loan agreement to the borrower.
- c) Any clause relating to penal interest charged for late repayment will be as specified in bold in the Loan Agreement.
- d) The company will give notice in writing to the borrower upon any change in the terms and conditions with date of such change (prospective date) of the loan sanctioned.

**iii. Loan disbursal**

Disbursement of amount of loans sanctioned may be made available to the borrowers on demand subject to completion of all formalities including execution of loan documents.

**iv. Recovery and transfer of loan**

- a) Decision to recall/ accelerate payment or performance under the agreement will be in consonance with the respective loan Agreement.
- b) In the matter of recovery of loans, the company will not resort to any undue harassment to the borrower viz. persistently bothering the borrowers at odd hours, use of muscle power for recovery of loans, rude behaviour of staff etc.
- c) In case of receipt of request from the borrower for transfer of borrowal account, the consent or objection of the company will be conveyed within 21 days from the date of receipt of such request of transfer to both the transferor and transferee in transparent manner. Such transfer will be as per transparent contractual terms in consonance with all the applicable laws

**v. Settlement of loan**

- a) The Company will release all securities to the borrower on receipt of repayment of all dues subject to any legitimate right or lien for any other claim the company may have against borrower. If such right of set off is to be exercised, the borrower will be given notice about the same by the Company with full particulars of the remaining claims and the conditions under which the Company is entitled to retain the securities till the relevant claim is settled/ paid.
- b) No due/ objection certificate will be issued to the customer on fulfillment of said terms within 15 workings days of completion of formalities.

**vi. General**

- a) SELF will refrain from interference in the affairs of its Borrower except for the purposes provided in the terms and conditions of the respective loan agreement (unless new information, not earlier disclosed by the Borrower, which may come to the notice of SELF).
- b) Training will be imparted to ensure that directors/ staff/ representatives of the company are adequately trained to deal with borrower in an appropriate manner.
- c) The company shall adopt interest rate by taking into account relevant factors and determine the interest rate to be charged accordingly.

**vii. Lending Against Collateral Of Gold Jewellery**

1. While lending to individuals against gold jewellery, the Company will adopt the following policies in addition to the above.

- a) 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.
- b) Provide CIN (Customer Identification Number), a unique ID for all gold loan customers,
- c) Proper assaying procedure for the jewellery received.
- d) Internal systems to satisfy ownership of the gold jewellery.
- e) The policy will cover putting in place 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.
- f) The jewellery accepted as collateral will be appropriately insured.
- g) The Board approved policy with regard to auction of jewellery in case of non-payment will be transparent and adequate prior notice to the borrower will be given before the auction date. There will be no conflict of interest and the auction process must ensure that there is arm's length relationship in all transactions during the auction.
- h) The auction will be announced to the public by issue of advertisement in at least 2 newspapers, one in vernacular language and another in national daily newspaper.
- i) The company will not participate in the auction held.

- j) Gold pledged will be auctioned only through auctioneers approved by the Board.
- k) The policy will cover systems and procedures to be put in place for dealing with fraud including separation of duties of mobilization, execution and approval.

2     *The loan agreement will disclose details regarding auction procedure.*

#### **4. Confidentiality**

Unless authorized by the borrower, the Company will treat all his personal information as private and confidential.

The Company may not reveal transaction details of the borrowers to any other persons except under following circumstances:

- i. If the Company is required to provide the information to any statutory or regulatory body or bodies;
- ii. If arising out of a duty to the public to reveal the information;
- iii. If it is in the interest of the borrowers to provide such information (e.g. fraud prevention);
- iv. If the borrower has authorised the Company to provide such information to its group / associate / entities or companies or any such person/ entity as specifically agreed upon;

#### **5. Complaints**

The borrower/applicant may report his/her complaint/grievance in writing to the concerned branch head from where he/she availed the loan or applied for the loan. The concerned employees shall guide the borrowers who wish to lodge a complaint.

On receipt of such complaint/grievance, the head of the Branch shall immediately take up the matter for redressal. The Customers are requested to provide feedback, suggestion on the services of the company to the Nodal Officer.

#### **Grievance Redressal Mechanism**

The Company has a three level Grievances Addressal Mechanism as given below.

### Level I

The customer may register his/ her query/ complaint to the company which shall be addressed to the Grievance Redressal in connection with any matter pertaining to business practices, lending decisions, credit management, recovery and complaints relating to updation/ alteration of credit information. The details of the Grievance Redressal Officer are given as follows:

Name of the Grievance Redressal Officer	
Corporate office address:	NTC FINANCE (P) LTD Regd office - 17/790-C,D,E,F New Trichur Bhavan P.O Kandassankadavu, Thrissur-680613
Contact details	9495044265
E-Mail ID	accounts@newtrichur.com

### Level 2

If the complaint is not resolved within 15 working days, the customer shall complaint to the Managing Director of the company.

### Level 3

If the complaint / dispute are not redressed within a period of 1 month from date of its receipt, the customer may appeal to:

General Manager  
Reserve Bank of India,  
Department of Non Banking Supervision,  
Fort Glacis, Rajaji Salai, Chennai — 600 001  
Tel. No. 044 2539 3406, Fax No. 044 -2539 3797  
E-mail id: [dnbschennai@rbi.org.in](mailto:dnbschennai@rbi.org.in)

#### a) Mandatory display requirements

The company has the following in all the branches/ places where the business of the company is transacted for the benefit of the borrowers:

- i. Appropriate arrangement for receiving complaints and suggestions;
- ii. Display of name, address and contact number of the Grievance Redressal Officer.

#### b) Points to complied along with the redressal process thereof:

- i. In case of complaints received, the concerned branch head shall provide an acknowledgment in the same working day, and would report the matter with full details, within 2 working days from date of receipt, to the Secretarial department.
- ii. The Secretarial department comprises of Company Secretary/ Compliance Officer of the company, who shall take all necessary steps to redress and resolve the grievance.

- iii. Any unresolved/ not replied grievance in the level I within 5 days of its receipt, shall be escalated to the Company Secretary! Compliance Officer of the company, who shall take all necessary steps to redress and resolve the grievance, and will send a response as soon as possible and in any case not later than a maximum period of 15 working days of its receipt with the branch.
- iv. Grievances/ Complaints that require extraordinary time for examination of issues involved will be acknowledged promptly.
- v. If the unresolved / not replied grievance is not resolved by the Company Secretary within 15 working days of its receipt, the same shall be escalated to the Managing Director of the company.
- vi. The Status Report on all complaints shall be placed before the Board of Directors for their review on a quarterly basis by the Company Secretary.

## **6. Force Majeure**

The various commitments outlined and made by the company shall be applicable under the normal operating environment. In the event of any Force Majeure circumstances, the company may not be able to fulfill the objectives under the Fair Practice Code to the entire satisfaction of the borrowers, the stakeholders and the public in general.

## **7. Regulation of Excessive Interest charged**

The Company has to adopt an interest rate model taking into account cost of funds, margin and risk premium for determining rate of interest to be charged for loans and advances.

The rate of interest to be charged depends much upon the gradation of the risk of borrower viz. the financial strength, business, regulatory environment affecting the business, competition, past history of the borrower etc.

## **8. Implementation, Effect and Review**

All necessary steps shall be taken by the Board of Directors to implement this Fair Practice Code at all the offices/ branches/ places where the business of the company is transacted.

The Board shall have periodical review of the Fair Practice Code, compliance of Fair Practice Code and the functioning of the Grievance redressal mechanism.

For and on behalf of Board of Directors of **NTC FINANCE PRIVATE LIMITED**

For NTC FINANCE PRIVATE LIMITED

VARGHESE JOSE THANIKKAL  
Managing Director  
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