

FAIR PRACTICES CODE

As per Master Circular issued by the Reserve Bank of India, the following guidelines on Fair Practices Code has been formulated by Tamilnadu Transport Development Finance Corporation Limited (the Company). This Code which has been reviewed and approved by the Board of Directors shall come into effect on 1st December 2019.

Applications for loans and their processing

- All communications to the borrower shall be in the vernacular language or a language as understood by the borrower.
- Loan Application Forms 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. The loan application form indicates the documents required to be submitted with the application form.
- The Company would give acknowledgement for receipt of all loan applications. The time frame within which loan applications shall be disposed of is also indicated in the acknowledgement.

Loan appraisal and terms/conditions

- The Company shall convey in writing to the borrower by means of sanction letter, the amount of loan sanctioned along with the terms and conditions including annualised rate of interest and method of application thereof. The Company shall keep the acceptance of these terms and conditions by the borrower on its record. The Company shall also communicate to the borrower if the loan is rejected. The Company should mention the penal interest charged for late repayment in bold in the loan agreement.
- The Company should furnish a copy of the loan agreement preferably in the vernacular language or a language as understood by the borrower along with a copy each of all enclosures quoted in the loan agreement to all the borrowers upon the disbursement of loans.

Disbursement of loans including changes in terms and conditions

- The Company shall give notice to the Borrower of any change in the terms and conditions including disbursement schedule, interest rates, service charges, prepayment charges etc. The Company shall ensure that changes in interest rates and charges are effected only prospectively. A suitable condition in this regard be incorporated in the loan agreement.
- Decision to recall / accelerate payment or performance under the agreement shall be in consonance with the loan agreement.
- The loan agreement shall contain a built-in re-possession clause and also contain provisions regarding notice period before taking possession, circumstances under which the notice period can be waived, the procedure for taking possession of the security, a provision regarding final chance to be given to the borrower for repayment of loan before sale/auction of the property, the procedure for giving re-possession to the borrower and procedure for sale/auction of the property.
- The Company shall release all securities on repayment of all dues or on realisation of the outstanding amount of loan, subject to any legitimate right or lien for any other claim the Company may have against the 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 the Company is entitled to retain the securities till the relevant claim is settled/paid.

General

- The Company shall 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 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. the Company's objection, if any, shall be conveyed within 21 days from the date of receipt of 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 viz. persistently bothering the borrowers at odd hours, use of muscle power for recovery of loans, etc. The Company's staff are adequately trained (including not to behave rudely with the customers) to deal with the customers in an appropriate manner.

Grievances

- Thiru. J KANNAN, Manager (Accounts), Tamilnadu Transport Development Finance Corporation Limited, Tamilnadu Tourism Complex, 4thFloor,No. 2, Wallajah Road, Chennai 600 002, Tamil Nadu, Tel: 044 25333930,25333931,25333932, Mobile: 73388 17895, Email address:tdfc.chennai@gmail.com is the Grievance Redressal Officer under the Fair Practices Code who can be approached by the public for resolution of complaints against the Company. If the complaint / dispute is not redressed within a period of one month, the customer may appeal to the Officer-in-Charge of the Regional Office of Department of Non-Banking Supervision (DNBS), Reserve Bank of India, Fort Glacis, Rajaji Salai, Chennai 600 001, Tamil Nadu, Tel: 044 25393406, Email address: dnbschennai@rbi.org.in, under whose jurisdiction the registered office of the Company falls.
- For the benefit of our customers, the above information on "grievances" be displayed at our branches / places where business is transacted. A mechanism for maintaining log book for the same may be implemented.

Gradation of Risks

The rate of interest specified for each loan is at monthly rests, with the corresponding annualised rate being arrived at through Tamilnadu Transport Development Finance Corporation's interest rate model which takes into account relevant factors such as cost of funds, margin and risk premium. We take a comprehensive approach to the gradation of risk, that does not discriminate between borrowers in the same class, but rather tailors the interest rate to each loan. The decision to give a loan and the rate of interest thereon are carefully assessed on a case by case basis based on multiple factors which may include the borrower's cash flows (past, current and projected), borrower's other financial commitments, the borrower's credit record, the security for the loan as represented by underlying assets or other financial guarantees etc. Such information is gathered based on information provided by the borrower, credit reports, market intelligence and information gathered by field inspection.

Interest Rate Policy

The rate of interest charged to our customers is linked to the Fixed Deposit rate offered by the Company. The mark up over this rate would vary depending on the risk profile of the customer, asset class, asset type (new/used), and prevalent liquidity conditions. Accordingly, the rate of interest generally charged to our customers, for the above asset classes is 12.6%.

Deposits

The company shall provide the details of the term of deposit, the applicable rate of interest, the terms of renewal, premature withdrawals, loan against deposits, nomination facilities, schemes available for senior citizens.

Know Your Customer Guidelines

The company shall assist and cause the customer to comply with the Know Your Customer (KYC) norms or any other statutory requirements, by providing all necessary information/documents. In the event the customer fails to do so, the company will be at liberty to reject/close the account.

Information to Credit Agencies

The company in the normal course of its business shall endeavour at all times to guide its customers about the role of credit reference agencies, the circumstances and process of sharing information with such agencies.

Review of the Fair Practices Code

Compliance with respect to all aspects of the Fair Practices Code shall be reviewed by the Board annually.

(M.Sukumar)
Joint Managing Director