

# True Credits Private Limited



## Fair Practice Code

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*(This policy was reviewed and approved by the Board of directors in their meeting held on November 17, 2023.)*

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## INDEX

<b>Sr. No.</b>	<b>Particulars</b>	<b>Page No.</b>
1.	Introduction	4
2	Purpose	4
3.	Key Commitments	4
4.	Information	4
5.	Applications for Loan and their processing	4
6.	Loan appraisal and terms/ conditions	5
7.	Penal Charges in Loan Accounts	5
8.	Disbursement of loans including changes in terms and conditions	5
9.	General	6
10.	Responsibility of Board of Directors	6
11.	Grievance Redressal	6
12.	Integrated Ombudsman Scheme for Non-Banking Financial Companies	6
13.	Posting on Website	7
14.	Regulation of excessive interest charged	7
15.	Review of Fair Practice Code	7

## **1. Introduction**

- a. True Credits Private Limited, a Non-Banking Non-Deposit Taking Company registered with Reserve Bank of India (“RBI”) is presently engaged in the business of providing unsecured personal loans to its retail customers. Such credit facilities/ loans are extended to individual customers only.
- b. True Credits Private Limited (“the Company”) has put in place this Fair Practice Code (“the Code”) as per the RBI directives and it has been duly approved by the Board of Directors. The Fair Practice Code sets out the principles for fair practices/ standards while dealing with its customers.
- c. The Company has adopted this Fair Practices Code for its lending operations which intends to provide assurance to all the borrowers of the Company’s commitment to fair dealing, and transparency in its business transactions. and have implemented it. The Code applies to all categories of products and services offered by the Company.

## **2. Purpose**

- a. To promote good and fair practices by setting minimum standards while dealing with customers;
- b. To ensure transparency while dealing with customers so that the customer can have a better understanding of what they can reasonably expect of our product and services;
- c. To promote a fair and cordial relationship between customer and Company.

## **3. Key Commitments**

The Company's key commitments to customers:

- a. Act fairly and reasonably in all their dealings with customers by:
  - i. 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/employees follows;
  - ii. Making sure that Company's products and services meet relevant laws and regulations in force in India;
  - iii. Company's dealings with customers will rest on ethical principles of integrity and transparency.
- b. Help customers understand how a company's product works by explaining their financial implications.
- c. Deal quickly and sympathetically with things that go wrong by:
  - i. Correcting mistakes;
  - ii. Handling customer's complaints;
  - iii. Telling customers how to take their complaint forward if they are still not satisfied with the resolution provided.
- d. Put it on the Company's website and have copies available for customers on request.

## **4. Information**

- a. Helping customers to choose products and services, which meet their needs and give them clear information explaining the key features of the services and products they are interested in.
- b. Inform customers about the documents and information the Company needs from them to establish the customer’s true identity and address and other documents to comply with legal and regulatory requirements.

## **5. Applications for loans and their processing:**

- a. All communications to the borrower shall be made available in the vernacular language or a language as understood by the borrower.
- b. The Loan application form of the Company includes 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 decisions can be taken by the borrower. The

- loan journey/application form indicates the documents required to be submitted to the company.
- c. The Company, before sanctioning the loan, would assess the ability of the borrower to repay the loan.
  - d. The Company is having a system of giving acknowledgement for receipt of loan applications. The time frame within which loan applications/journey will be disposed of/completed will be indicated in the acknowledgement.

**6. Loan appraisal and terms/conditions:**

- a. The Company will convey in writing to the borrower in the vernacular language or a language as understood by the borrower by means of sanction letter or otherwise, the amount of loan sanctioned along with the terms and conditions including annualized rate of interest and method of application thereof and keep the acceptance of these terms and conditions by the borrower on its record.
- b. The Company will furnish a copy of the loan sanction and loan agreement in the vernacular language or in a language as understood by the borrower along with a copy of each of all enclosures quoted in the loan sanction and loan agreement to all the borrowers at the time of sanction / disbursement of loans.

**7. Penal Charges in Loan Accounts**

- a. The Company will mention the penal charge which will be charged for late repayment and/ or any other default on the part of the customer, in bold in Key Fact Statement (KFS), Sanction Letter, the loan agreement and on the website of the Company.
- b. The company shall ensure that no capitalisation of penal charges i.e., no further interest is being computed on such charges and it is also not affecting the normal procedures for compounding of interest in the loan account.
- c. The company shall also ensure not to introduce any additional component to the rate of interest.
- d. The Company shall also ensure that it has a Board approved policy on penal charges or similar charges on loans, by whatever name called.
- e. The company shall ensure that the quantum of penal charges is reasonable and commensurate with the non-compliance of material terms and conditions of loan contract without being discriminatory within a particular loan / product category.
- f. The Company shall ensure that reminders for non-compliance of material terms and conditions of loan are sent to borrowers along with the applicable penal charges. Further, any instance of levy of penal charges and the reason therefore shall also be communicated.

**8. Disbursement of loans including changes in terms and conditions:**

- a. The Company will give notice to the borrower in the vernacular language or a language as understood by the borrower of any change in the applicable terms and conditions including disbursement schedule, interest rates, service charges, prepayment charges etc. (if applicable). The Company will also ensure that any changes made therein are effected only prospectively. A suitable condition in this regard is incorporated in the loan agreement.
- b. Decisions to recall / accelerate payment or performance under the agreement will be in accordance with the loan agreement.
- c. The Company will release all securities (if any) 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 the Company may have against the borrower. If such right of set off is to be exercised, the borrower will 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.

## 9. General

- a. The Company 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 the notice of the Company).
- b. In case of receipt of request from the borrower for transfer of borrowal account, the consent or otherwise, i.e., objection of the applicable NBFC, 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.
- c. In the matter of recovery of loans, the Company will not resort to undue harassment viz. persistently bothering the borrowers at odd hours, use of muscle power for recovery of loans, etc. To avoid rude behavior from the staff of the Company, the Company shall ensure that the staff are adequately trained to deal with the customers in an appropriate manner.
- d. Currently, the Company only provides loans on fixed interest rates, thus, the regulatory mandate of not charging foreclosure charges/ prepayment penalties on floating rate term loans does not apply. Levy of foreclosure charges/ prepayment penalty shall be followed by Company subject to extant instructions.

## 10. Responsibility of Board of Directors:

- a. The Board of Directors of True Credits has laid down the appropriate grievance redressal mechanism within the organization. The mechanism ensures that all disputes arising out of the decisions of lending institutions' functionaries are heard and disposed of at least at the next higher level.
- b. The Board of Directors periodically reviews the compliance of the Fair Practices Code and the functioning of the grievance's redressal mechanism at various levels of management. A consolidated report of such reviews shall be submitted to the Audit Committee (*if any*) and/ or Board on quarterly basis.

## 11. Grievance Redressal

The following information shall be displayed prominently, for the benefit of the customers, at all branches/ places of the Company, where business is transacted:

- a. The name and contact details (Telephone / Mobile nos. as also email address) of the Grievance Redressal Officer who can be approached by the public/ customers for resolution of complaints against the Company.
- b. If the complaint / dispute is not redressed by the company within a period of one month from the date of the complaint raised by the customer with all necessary details to address the concern, the customer may appeal to the Officer-in-Charge of the Regional Office of DNBS of RBI under whose jurisdiction the registered office of the Company falls.

Also, the grievance redressal officer appointed under this code shall also act as Nodal Grievance Officer for the purpose of Guidelines on Digital Lending issued by RBI on September 02, 2022 and shall be responsible to deal with all the related queries/complaints.

## 12. Integrated Ombudsman Scheme for Non-Banking Financial Companies:

- a. Under The Reserve Bank - Integrated Ombudsman Scheme 2021, the Company has appointed a Principal Nodal Officer (PNO) who shall be responsible for representing the Company and furnishing information to the Ombudsman in respect of complaints filed against the Company.
- b. For the benefit of the customers, at the branches/places where business is transacted, the name and contact details (Telephone/Mobile number and email) of the PNO along with the details of the complaint lodging portal of the Ombudsman (<https://cms.rbi.org.in>) will be displayed.
- c. The salient features of the Scheme are displayed prominently at the office and branches (if any) in such a manner that a person visiting the office or branch (if any) has adequate information on the Scheme.

- d. The salient features of the Ombudsman Scheme and contact details of the Principal Nodal Officer are prominently displayed and updated on the website.

(Reference: Reserve Bank - Integrated Ombudsman Scheme, 2021 dated November 12, 2021)

### **13. Posting on Website**

- a. Fair Practices Code, in the vernacular language or a language as understood by the borrower is placed on the website of the Company for the information of various stakeholders.

### **14. 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 loan sanction letter and loan agreement.
- b. The rates of interest and the approach for gradation of risks has also been 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 approach for gradation of risks.
- c. The rate of interest mentioned in the loan sanction and loan agreement shall be an annualized rate so that the borrower is aware of the exact rates that would be charged to the loan account.
- d. The Board of Directors has laid down appropriate internal principles and procedures in determining interest rates and processing and other charges while taking into consideration the guidelines prescribed under Fair Practice Code laid down in the applicable regulatory guidelines and in the spirit of transparency and in respect of terms and conditions of the loans.

### **15. Review of Fair Practice Code**

- a. The Fair practice code shall be reviewed annually by the Board of Directors of the Company and also, as and when required in accordance with time to time amendment in RBI regulations, laws and prevalent market practices.