



# TELANGANA INDUSTRIAL HEALTH CLINIC LTD.

## ANNEXURE---

### FAIR PRACTICE CODE

#### Introduction

Pursuant to Reserve Bank of India (RBI) 's Circular No. 2012-13/416/DNBS. CC. PD. No. 320/03.10.01/2012-13 dated 18<sup>th</sup> February 2013, the Board of Directors have adopted a Fair Practices Code for **Telangana Industrial Health Clinic Limited** (“**Company**”) which is in conformity with the guidelines.

This code provides information to customers and explains how the company is expected to deal with them on a day to day basis. This policy applies to all customers including those with any complaints/ enquiries as posted on social/ any other media and we encourage all customers to reach out to the below platforms as required.

#### Fair Practices Code

#### Objective of the Code

The code has been developed with the objective of

- ❖ Ensuring fair practices while dealing with customers
- ❖ Greater transparency enabling customers in having a better understanding of the product and taking informed decision
- ❖ Building customer confidence in the Company and its processes.

The Company's business will be conducted in accordance with prevailing statutory and regulatory requirements, with due focus on efficiency, customer-orientation and corporate governance principles. In addition, the Company will adhere to the Fair Practices Code in its functioning, the key elements of which are as follows:

#### Applications for Loans and their Processing

- All communications to the borrower will be in a language which is understood by him/her.

- The Company provides various types of loan facilities and advisory services depending on the nature of business of the borrower and circumstances: the company's borrowers are "micro and small manufacturing enterprises."
- The Company offers various financial products including loans, Bills/invoice discounting, working capital and term loans, equity support in the form of soft loans to 'micro and small manufacturing enterprises.'
- Loan application forms shall 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 the borrower can make an informed decision. The loan application form may 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 and will indicate, wherever possible, the time frame within which the application will be disposed of.

#### **Loan Appraisal and Terms/Conditions**

- The Company shall convey in writing to the borrower by means of approval letter or otherwise, the amount of Limit sanctioned or loan approved along with the terms and conditions, including the annualized rate of discount / interest and method of application thereof.
- Additionally, any penal interest to be charged will be clearly highlighted in writing to the borrower.
- The Company will furnish a copy of the loan agreement as understood by the borrower along with a copy of each of all enclosures quoted in the loan agreement, to the borrower at the time of sanction/disbursement of loans and keep the acceptance of all the terms and conditions by the borrower in the Company's files.

#### **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 also ensure that

changes in interest rates and charges are effected only prospectively. A suitable provision in this regard shall be incorporated in the loan agreement.

- 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 loan 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.

### **General**

- ❖ 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 any harassment – such as persistently bothering the borrowers at odd hours, use of muscle power for recovery of loans, etc. The Company shall ensure that its staff shall not be rude in dealing with customers and will ensure that staff are adequately trained for the purpose.
- ❖ The Company shall not charge for foreclosure/ levy pre-payment penalties on all floating rate term loans sanctioned to individual borrowers.

**Grievance Redressal Mechanism:**

In the present competitive scenario, excellent customer service is an important tool for sustained business growth. Customer complaints are part of the business life in any corporate entity.

The Board of Directors shall laydown appropriate grievance redressal mechanism within the organisation. It shall ensure that all disputes arising out of the decisions of its functionaries are heard and disposed of at the next higher level or above within two weeks from the date of receipt of complaint.

The Board of Directors shall ensure periodical review of the compliance of the Fair Practices Code and the functioning of the grievances redressal mechanism at various levels. A consolidated report of such reviews shall be submitted to the Board at regular periodical intervals.

1. The Company shall have a Grievance Redressal Forum comprising senior management team – namely, the Advisor, who is also the whole time Director of the Company, the Chief Executive Officer of the Company; and one Director from the board – to resolve disputes arising, if any, in this regard. The said forum will meet within a period of 3 weeks from the date of receiving any grievance intimation.
2. It shall ensure that all disputes arising out of the decisions of lending by the Company's functionaries are suitably heard and disposed of at least at the next higher level.
3. The said forum shall provide the highlights of the issues and redressal if any to the Board of Directors for their review and compliance at each subsequent meeting.

**Grievance Redressal Officer**

The Company shall prominently display on its web-site and at Its office/s, for the benefit of the customers the following information:

1. The name and contact details of the Grievance Redressal Officer, who can be approached by the public for resolution of complaints against the company.

2. The fact that if a 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 of the RBI, with complete contact details, under whose jurisdiction the registered office of the Company falls. (in our case it is HYDERABAD Regional Office of RBI)

### **Wide Dissemination and Periodic Review**

The Company shall put the Fair Practices Code outlined hereinabove on its web site, for the information of various stakeholders. The Company will 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.

### **Complaints about excessive interest charged by the Company**

The Company shall lay out appropriate internal principles and procedures in determining interest rates and processing and other charges.

### **Regulation of excessive interest charged by the Company**

1. The Company shall adopt an interest rate model taking into account relevant factors such as, cost of funds, margin and risk premium, etc. and determine the rate of interest to be charged for loans and advances. 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.
2. The rates of interest and the approach for gradation of risks shall also be made available on the web-site of the company. The information published in the website should be updated whenever there is a change in the rates of interest.
3. The rate of interest should be annualised rates so that the borrower is aware of the exact rates that would be charged to the account.

## **Clarification regarding repossession of hypothecated assets financed by the Company**

The Company shall have a built-in re-possession clause in the contract/loan agreement with the borrower which must be legally enforceable in case of primary lending portfolio. In regard to all other facilitating contractual loans to bridge either equity or extend viability gap funding, the Company would realize the claims of coparcener collateral and primary securities as contracted with the primary lending institutions. To ensure transparency, the terms and conditions of the contract/loan agreement should 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 must be made available to the borrowers in terms of circular wherein it was stated that the Company may invariably furnish a copy of the loan agreement along with a copy each of all enclosures quoted in the loan agreement to all the borrowers at the time of sanction / disbursement of loans, which may form a key component of such contracts/loan agreements.

For Telangana Industrial Health Clinic Ltd.,

M. Sanjaya  
Chief Executive Officer

**Customers who wish to provide feedback or send in their complaint  
may use one of the following channels:**

**Call our customer Service Helpline on 040-23236399**

**e-mail us at md@tihcl.org**

**write to us at our address:**

**The Chief Executive Officer,  
Telangana Industrial Health Clinic Ltd.,  
ParisramaBhavanam, 5-9-58/B,  
Fateh Maidan Road, Hyderabad – 500004**

**If a complaint is not resolved within the given time of one month or  
if he/she is not satisfied with the solution provided,**

**the customer can appeal to**

**Officer-in-Charge of the Regional Office of  
Department of Non-Banking Supervision,  
Reserve Bank of India,  
Saifabad, Hyderabad – 500004  
Email id: dnbshyderabad@rbi.org.in**