

Practices Code for Lenders

1. Acknowledgement for Loan Applications

Written communication for all Loan Applications is to be issued immediately on receipt of same and if additional information/documents are needed, the applicant would be advised to submit the same within 15 days.

2. Processing of Loan Applications

- i. Preliminary examination of the proposal for financing or otherwise would preferably be completed within 21 days from the date of receipt of the proposal or receipt of such additional information/ documents as might be required.
- ii. All new fund-based and non-fund based proposals are to be referred to the Preliminary Project Clearance Committee (PPCC) for taking a decision on the proposal after examining it from risk assessment angle.
- iii. Cases approved, in-principle, by PPCC are to be taken up for further processing including site visit/detailed appraisal. After completion of appraisals/site visits and finalization of the appraisal reports, proposals which are found technically feasible and financially viable are to be placed before the Sanctioning Authority for consideration generally within 30 days from the date of site visit/furnishing of such additional information/ documents, as might be required. The LOI giving the details of terms and conditions would be issued immediately after the sanction is made by the competent authority.
- iv. TFCI keeps the borrowers acceptance of LOI on record wherein all the terms and conditions are given.

3. Disbursement of Loan

The request of the borrower for disbursement of loan will be processed immediately and disbursement would be made after execution of documents and creation of stipulated security within 15 days after receipt of request along with necessary documents/papers. A copy of the loan agreement executed would be handed over to the borrowing concern.

As desired by RBI, the loan agreement stipulates that financial assistance to the borrower is solely at the discretion of the lender and lender does not have any obligation to meet further requirements of the borrower on account of overrun or any other reason as well as an undertaking is taken from the borrower/ promoter to meet any overrun/ shortfall in funds without looking to the lender.

4. Change in Terms and Conditions

Borrower would be given due notice, if terms and conditions or covenants of the loan agreement are proposed to be amended and the same would be effected only thereafter/ prospectively.

5. Post Disbursement Supervision

Supervision by TFCI would be constructive with a view to take care of any lender related genuine difficulty i.e. borrower may face.

Before taking a decision to recall/accelerate payment or performance under the agreement or seeking additional securities, TFCI would give notice to borrowers, as specified in the loan agreement or a reasonable period.

6. Lending under Consortium Arrangement

In case of Consortium Finance, Letter of Intent for our share would be issued immediately the same is sanctioned by the competent authority.

7. Release of Securities on Receipt of Payment

Securities provided for availing the assistance would be released normally within 15 days from the date of request of the Company provided there is no legitimate claim against promoter/ group companies. In case of joint mortgage, release of documents would be done after obtaining "NOC" from the other lenders/ charge holders.

8. Transfer of Account

Consent or otherwise for Transfer of borrower account to another Bank/ FI is to be issued normally within 21 days from the date of request from borrower/ Bank/ FI, subject to payment of premium, if applicable, for foreclosure of the outstanding facilities.

9. General

- i. TFCI would restrain from interference in the affairs of the borrowers except for what is provided in the terms and conditions of the loan sanction documents (unless new information, not earlier disclosed by the borrower, has come to the notice of the TFCI).
- ii. TFCI would not discriminate on grounds of sex, caste, creed and religion in the matter of lending. However, this does not preclude TFCI from participating in credit-linked schemes framed for weaker sections of the society.
- iii. In the matter of recovery of loans, TFCI would not resort to undue harassment viz. Persistently bothering the borrowers at odd hours, use of muscle power for recovery of loans, etc.

10. Grievances-Redressal Mechanism

As advised by RBI to lay down grievances redressal mechanism to resolve disputes between lenders and the borrower, it is proposed that the borrower/ applicant can approach directly the Managing Director for redressal of his grievances. In case the borrower/ applicant is still not satisfied, the matter may be referred to Executive Committee of Board of Directors of TFCI for redressal of grievances.

TFCI will conduct periodical review of the fair practices code and the functioning of grievances redressal mechanism. A consolidated report of such review would be placed before the Board every half year.